What...

Is the Most Important Credit Problem for 1946?

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THE CREDIT WORLD

ONLY PUBLICATION DEVOTED EXCLUSIVELY TO RETAIL CREDIT

JANUARY, 1946

The CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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Prepare Your Credit Department To Handle More Time Payment Contracts

"At first a trickle, then a stream, then a roaring torrent of merchandise will be flowing your way. The trickle will be sponged up for cash, the stream can be sopped up for a while with almost any kind of credit terms; but when that torrent of merchandise starts to engulf you, you will do well to reach in the closet for your credit umbrella."

CLETE H. FROEHLE

TREASURY DEPARTMENT surveys reveal that 28 million American wage earners were buying war bonds on the pay roll deduction plan at the wartime employment peak. For the first time in their working lives millions of Americans were saving systematically on the only basis they will ever save; a semiforced savings plan. What does this suggest to you? These are your customers, and they will save, if properly sold on a sound savings plan. These people were convinced that United States War Bonds constitute an excellent investment. Does this not indicate that your refrigerators, radios, washing machines, furniture, automobiles, and a host of other durable items can be sold to a mass market only on a semiforced savings plan; specifically, a time payment plan of weekly or monthly payments?

The American public has bought almost $30 billion worth of Series E bonds alone. Do you think they are going to cash in these bonds to buy your long-awaited postwar products? Probably not. For the first time in their lives, millions of families have a financial reserve and the attendant comfortable feeling that goes with having money saved to use in case of emergency.

Saving for a Specific Purpose

Another indication of how the buying public feels about parting with war bonds is contained in a survey compiled by the United States Chamber of Commerce. This survey showed that only 19 per cent of the bond purchasers were saving for some specific purpose. In other words, less than one out of five has set aside this block of bonds for a new refrigerator, another block for a new living room suite, etc. In planning to dispose of those huge quotas of durable goods your manufacturers have promised you for 1946, you had better prepare your credit department to handle an all-time high volume in time payment contracts.

Of course, Regulation W is still in effect, and it would be presumptive to attempt to speculate on when it will terminate. Those of us who believe that consumer credit can function in a positive manner can only hope that adequate credit terms are available at the proper time. Present strict credit terms are not meant to be of much help in selling merchandise, and the authorities frankly tell us so. We can only assume that liberal credit terms are a positive factor in merchandising.

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The attitude of the Federal Reserve Board has been one of cooperation with credit executives, and understanding of the problems involved. For example, government controls on residential construction and repairs were relaxed on October 15th. On October 1st, the Federal Reserve Board announced Amendment No. 18 to Regulation W. This amendment provided, in part, that credit for financing repairs and improvements to residential property is exempt from Regulation W. This action was apparently timed to allow credit to function efficiently in assisting home owners to maintain their properties in good condition.

Regulation W has been of undeniable assistance in some respects. As to whether or not the regulation was effective in reducing debt or preventing inflation we are not sure. According to the Federal Reserve Bulletin, at the end of 1941 total consumer credit outstanding was $9,499 million. From that date, outstanding consumer debt declined as follows:

End of year	*Total Consumer Credit (In Millions)*
1941	$ 9,499
1942	6,165
1943	5,158
1944	5,790

By the end of 1944 there was a reduction in total consumer credit outstanding of about $3,700 million. Here are the figures on installment credit:

End of year	*Total Installment Credit (In Millions)*
1941	$ 5,921
1942	2,932
1943	1,939
1944	2,083

Installment credit decreased over $3,800 million. Since installment credit is composed of contracts, notes and chattel mortgages covering the sale of automobiles, refrigerators, stoves, radios, and other durable consumer goods, and because most of these products have been unavailable since early in 1942, there could be no other result than a substantial decline in installment sale credit. Other segments of the consumer credit field contributed nothing to the actual dollar decline of consumer debt. For example, charge accounts at the end of 1941 were $1,764 million as compared with $1,758 million at the end of 1944.

It is obvious that it will be necessary to relax installment credit terms if we are to dispose of our projected industrial output. For example, our national industrial plant is now geared to produce 20 to 30 per cent more than in our best peacetime year. When labor and management can dispose of their differences, and a postwar price policy approved by OPA is arrived at, retailers will obtain increasing quantities of all types of consumer goods.

At first a trickle, then a stream, then a roaring torrent of merchandise will be flowing your way. The trickle will be sponged up for cash, the stream can be sopped up for a while with almost any type of credit terms; but when that torrent of merchandise starts to engulf you, you will do well to reach in the closet for your credit umbrella. Just as the dollar contraction of outstanding consumer credit was borne by the installment credit group during the war years, so will the major postwar expansion of consumer credit spring from this same source.

The next logical question concerns the type of installment credit terms best fitted to the needs of the public purse, the desire for sales volume, and the best interest of our national economy as a whole. Let us dispense with any wishful thinking we may desire to indulge in about continuing large down payments, short maturities, and in general trouble-free credit terms. It would be extremely comforting to your credit department to continue indefinitely to get a minimum of one-third down payment and give a maximum of 12 months' terms on, for example, refrigerators. Those terms will not sell a volume of merchandise after the first few months of order taking for cash or short-term credit sales. Some can be sold on 10 per cent down payment and 24 months to pay.

Another item of prime importance in the sales installment finance field is the continued trend toward lower finance charges to the consumer. For a number of years, the finance differential has continued to shrink, in line with lower yields on all types of investments with government bond rates showing the way. For example, one major sales installment finance company recently announced a finance rate of $6.00 per $100.00 balance per year on appliances as compared with a rate prior to the war of $7.00 per $100.00 per year. Another finance company reduced the finance rate on new automobiles from a prewar $6.00 flat per $100.00 per year to a new level of $5.00 flat per $100.00 per year. This decrease in finance costs to the buyer will probably mean even less reluctance on the part of the buying public to enter into relatively long-term contracts for purchase of the higher-priced lines of merchandise. Increasing numbers of people may feel that by paying a few dollars each month to purchase an article while using it, they are actually saving money on the installment plan. Saving it just as surely as they are by having a few dollars each pay day deducted from their checks and earmarked for the purchase of Victory bonds. Saving it just as surely as they would spend this money for trifles if there were no compelling reason to save.

Pay Roll Savings Plan

In the Treasury survey, over 92 per cent of wage earners endorsed the pay roll deduction plan unreservedly and seven out of 10 expressed a desire to stay on the pay roll savings plan even in peacetime. Surely, the best interests of our country would be served if the public were encouraged to hold on to its $30 billion worth of war bonds, and other forms of savings. These people should be encouraged to continue buying Victory bonds through the pay roll savings plan. If the people own a part of their country's debt, they are going to be impatient with any political factions that interfere with the solvency of their investment. The broader the base of our national debt through ownership of bonds by the individual, the sounder the financial structure of our country.

In discussing the matter of a liberal credit policy as to installment terms, I do not want to give the impression that I advocate a loose credit policy. A liberal policy means one which helps you as a merchandiser sell goods to a deserving customer on a credit basis which is suitable not only to his purse, but also to his and to your peace of mind. On the other hand, a liberal credit policy means selling merchandise to a customer who does not deserve any extension of credit, based on his past paying record.

Trust the Judgment of Customers

As a result of my observation of customer payment performance over a period of years, I have arrived at a few definite convictions about credit. One is that credit executives could trust the good judgment of the top 90 per cent of your customers to name their own credit terms, and you would not suffer undue credit losses. However, you must counterbalance this by refusing to have any credit dealings with that certain small percentage of people who will not give their creditors a fair deal, and who are inevitably expensive to handle. I have seen hundreds of applications containing credit information which branded the applicants as wholly undesirable credit risks because they owed a slow account at several stores. Tomorrow the store in the next block will extend credit to them hoping that the black marks against their credit record mean "slow, but good." When you are thinking about your postwar installment credit policy on durable goods, bear in mind that sound credit has a *little* to do with down payments and monthly terms, but it has a *lot* to do with common sense.

You may fearfully contemplate the tremendous expansion that will inevitably occur in installment credit in the future. If so, you need to be reassured that the sales installment finance companies of the country are prepared to be of vital assistance to you in handling consumer paper. Nothing in the past performance of installment credit leads us to believe other than that we can make credit function to our mutual benefit. Retailing and financing are two separate and distinct types of service, and call for two different types of intelligence. The finance companies, and commercial banks in some cases, have the trained personnel and the physical machinery to assist you effectively in your merchandising problems.

There is only one economic goal all of us look toward—more jobs and more security for more people. In the steps we take toward that goal, we may sometimes falter because of honest mistakes. These mistakes are not necessarily to our discredit, but not to profit by these experiences would be unfortunate. Let us profit by reading credit history. It is a history built on the mistakes and experiences of other retailers. ***It is a history recorded in the files of the credit bureaus of the nation.***

Remember that economic history shows there are many efficient instruments which can assist in achieving the goal of more sales, more jobs, and greater security. Installment credit is one of those instruments; it has attained an honorable place among the economic instruments of progress. ***If wisely used, it will continue to be a vital factor in helping achieve our economic goal of a sound and continuing prosperity.*** ★★★

Public Relations In Credit Work

H. G. BARNES

IMAGINE that you have just had a quick glimpse into a large meeting hall where a gathering of credit men and women are attending a business session. What did you see? You saw one of two kinds of people. You may have seen a gathering of men and women engaged in earnest discussion on problems relating not only to the betterment of credit business and conditions, but which also would probably have the effect of making the purchasing of goods on credit a more pleasant and convenient matter for the consumer. At the same time they are building both a higher standard of living in the community and a greater sense of moral responsibility toward credit obligations.

On the other hand, you may have seen a group of cold-eyed, hard-hearted scrooges, engaged in planning some diabolical scheme to further prevent the average working man or woman from obtaining some of the comforts, even necessities of life, unless they either paid cash, or submitted to an inquisition more severe and personal than that of the wildest dreams of an income tax assessor.

If you saw the former, you were a credit man yourself, had received education in credit work through contact with credit men or you had directly benefited from either the wise counsel of credit executives or from the good credit rating you had built yourself through your natural honest instincts. If you saw the latter, you were probably the average consumer who has had either little to do with credit buying, or has made credit purchases and has resented and misunderstood both the credit application form and the efforts of some credit executive to educate you to the advantage of building a desirable credit record. You have jumped to the conclusion that you have been singled out for his special attention, and have resented the fancied implication. As credit men and women we should give some thought to why this condition exists. We have all heard innumerable spinach jokes, and smiled at them, when we knew that a tremendous number of people really enjoy spinach. We have all heard innumerable credit men jokes, and no one loves such a joke better that the credit man himself; knowing that there is really nothing to it!

However, does the consumer realize that? Have we not been too complacent? Have we not lightly passed off such jokes, quite unaware of the credence placed in them by those not properly familiar with our function in life? Have we not allowed them to further widen the imaginary gap between credit men and the accepted average people of the world, the consumer? True, we can do little about the jokes themselves, to attempt to do so would be fatal. But we can take the necessary steps to combat the effect of those jokes and other misinformation, and to relieve the consumer's mind of the many misapprehensions and ill-founded beliefs he holds of our profession generally.

This can be best accomplished by an intensive and an extensive public relations program, a program perhaps conducted in each locality by the local Associations, but a program nationally sponsored and co-ordinated by our National Associations, Canadian and American. A public relations program can be conducted through advertisements in newspapers, local or national magazines, radio programs or spot announcements, articles in newspaper magazine sections or in magazines, enclosures with invoices and statements, enclosure leaflets with parcels, by members speaking on the subject before gatherings of other groups at every opportunity, and in any other manner that may prove feasible.

Theme of Campaign to Educate Public on Functions of Credit Man

The main theme of this campaign should be the education of the consumer public to the true and proper function of the credit executive. It could, and probably should, contain education as to the value of the prompt payment of accounts, but such statements should be qualified with an explanation as to the personal benefit to the consumer. Since our object would be that of establishing the credit profession and credit business in its rightful position of a higher respect and regard in the eyes of both consumer and employer, there are certain definite points which should be brought out.

We must erase from the mind of the consumer the thought that the credit executive is a species of watchdog, placed on guard by his company to prevent the consumer from obtaining any goods or services on credit unless he is prepared to commit himself and all his heirs and assigns, his assets and his expected income, to an iron-bound and inviolable guarantee. We must correct the impression that a credit bureau is an institution which records the names of all the dead-beats and swindlers in the country. We must correct the impression that once a man is down we unite to see that he is kept down.

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Rather, we must educate the consumer and the merchant to the fact that today credit granting is a profession, and that we are, in effect, Doctors of Accounts. We must point out that our function, in addition to keeping a reasonable control of credit, is to promote credit sales, and that it is distinctly to our own interests to do so. Without credit business our positions as credit executives dissolve from under us. We must point out that credit executives, credit associations, and credit bureaus are set up expressly to enable the consumer to obtain credit easily, quickly, pleasantly, and with a minimum of fuss and bother, providing he is at least reasonably entitled to credit. We must educate the consumer to the fact that we are his friends, and that like his physician, we seek to make his life more pleasant and comfortable; that through our ministrations we try to protect him from the ills and diseases that result from overbuying on credit, or from drifting into the bad habit of disregarding his obligations. We must let him know that it is our desire to make his name synonymous with the words "integrity" and "reliability," so that wherever and whenever he may travel throughout this continent, his name and his signature can command for him the necessities of the moment. Does the average consumer realize this?

Explain Bureau Activities

Also, we must make clear to him that our credit bureaus are not depositories of the names of unfortunates and those who willfully set out to defraud. He must be educated to the fact that the credit bureaus are the central filing systems of the community, wherein are recorded the paying habits of the individual, his honesty, his character, and his reliability, so that wherever he may apply for credit, in his own city or another, those files will help him. They are a monument to his honor and reputation. He should know that those files are available to over 1300 other associations and bureaus all over the United States and Canada, and that they will carry his record to him there, at his command, and enable him to obtain credit at a time when he may urgently require such accommodation. He should know that his good credit record with our particular firm will add another bright star to that honor roll or monument. He should know, too, that all credit bureaus, and most credit executives, are always willing to give him counsel when he finds himself either in or approaching difficulty in his credit relations. Credit executives today are not only credit executives, they are also credit counsellors. Truly, it has grown into a specialized profession. Does the average consumer realize all this?

A public relations program such as suggested can automatically accomplish a great deal more than consumer education. It can also promote credit sales by the fact that it can remove from the minds of the consumers the fear of buying by credit or installments. It is remarkable the number of people who still refuse to buy at all if they cannot pay cash on the spot, largely because of the adverse publicity that has resulted in the past through some cases of repossession or bankruptcy. Always remember, bad news travels fast! A properly conducted program can also serve to elevate the credit executive in the eyes of the employer, who will realize that he has in his employ a professional man, not another bookkeeper or collector.

In addition, through the prominent display in all advertising or articles of the association emblem or crest, tied in with a suitable slogan such as "Use your credit with confidence wherever this emblem is displayed," or "This emblem is your guarantee of responsible and ethical credit," will eventually instill in the minds of the consumer the desire to deal only where such an emblem is displayed. This in turn will probably attract non-member merchants into the local associations, and as there is little doubt that in the near future credit sales will reach hitherto unprecedented heights, such additions to the ranks of organized credit men will contribute to the stability of the local community credit policy and to the proper national recognition of the credit profession.

Whether it be soap, cigarettes, or automobiles, the popular brands and makes first attained recognition by advertising! They attained and maintain their popularity by delivering quality! For years credit executives have been performing a community service. Let us tell the world about it! Then, having told the world, let us be careful to deliver quality! After all, we can spend thousands upon thousands of dollars in a public relations campaign, but one lone member can nullify the entire effect, simply by disregarding the code of ethics! Leadership is in the hands of our national associations, but the local associations can lay preliminary plans now for their local campaigns. We must have regard for the famous three "C's": Cooperation, Co-ordination, and Conformation. *Now is the time to go forward with postwar prosperity!* ★★★

Credit Extension and Inflation

HAROLD T. SMITH

MANY AMERICANS today are in a perpetual state of jitters weighing deflationary against inflationary forces and wondering which way the scale will turn. We are in the midst of a reconversion recession, but will this recession be followed by depression or prosperity? The choice which America faces today is not whether there will be depression or prosperity, but rather what kind of prosperity. The forces now at work make depression impossible and insure prosperity, but it is not clear that they insure an enduring prosperity with all productive factors well employed. There are counterforces at work which may prevent a full prosperity and bring in its place an incomplete, abortive prosperity of great industrial and commercial activity for a part of society with billions of capital and millions of men unemployed. We experienced that to quite an extent during the 20's when certain heavy industries and finance enjoyed one of our greatest periods of prosperity while others, conspicuously agriculture, remained in a state of depression with their capital and labor poorly used.

First, what are the forces that insure prosperity; and, second, what are the counterforces that threaten to turn the prospects of real prosperity into an incomplete prosperity? Healthy industry and business depends upon its ability to produce efficiently so that good wages and salaries and a proper return to capital can be paid, a consuming public with its needs and wants supported by ample and widely distributed purchasing power, and an exchange mechanism which facilitates extensive trade with a minimum of friction. In other words, the industrial and commercial organization must produce and distribute ample incomes to enable consumers to buy their current living out of current incomes and to use their savings and credits for the purchase of capital goods.

We have, today, the productive capacity. The war has proved that to the economic wise and the simple alike. We have the production techniques and the managerial intelligence. We have the raw materials, if we choose to use them. The labor supply is here if we choose to use it, and if labor chooses to be used. There is nothing insurmountable to restrain us from full production. A capacity supply of goods produced needs be limited only by the disposition to utilize all the productive factors and materials and the ability of consumers to buy.

As for the consumer, all the elements that make up demand are present. He is suffering from tremendous commodity deficits—in household appliances, furniture, linens, automobiles, railroads, airplanes, clothing, education, vacations; in almost everything. Industry and dealer inventories are short; and city, state and federal projects have been postponed.

Great as our wants and needs are, they are backed by immediate ability to pay. The profits and savings of industry and trade, and the incomes and savings of individuals have exceeded all past records. The Research Division of OPA reports that by the end of the year, liquid assets in the hands of individuals and business are "expected to reach $230 billion (some have estimated $300 billion), a figure which exceeds the value of our total national production in the peak year 1944." It is more than 150 per cent of the $150 billion of national production that is conservatively expected for 1946. At the end of World War I, liquid assets were only about $50 billion or 70 per cent of the value of total national production in 1919. The present reservoir of liquid assets, therefore, is more than twice as big relative to total production as it was after World War I. When the $50 billion of liquid assets were released after the first war, the cost of living index rose between March 1919, and June 1920, twice as fast and three-fourths as much as it did during the four years of the war itself.

Needs and Wants of the Consumer

The present enormous stock of liquid assets will go far toward supporting the urgent needs and wants of the consumer in the period of prosperity that lies ahead. Most of it is exchangeable into cash or credits, and $72 billion is now in checking accounts. In addition, incomes are expected to amount to $150 billion as a minimum in 1946. Then, there will be credits of all kinds. Banks are eager for good business loans, something besides government loans. The capacity for commercial credits and installment loans seems almost limitless. Foreign governments want to borrow billions from our government, and we can expect private and bank loans to foreign firms to start almost immediately and run even larger than government loans, all for the express purpose of buying our goods. The Federal Reserve Board estimates that the present inflationary forces are eight to ten times those which caused disaster 25 years ago.

Our capacity to produce is great. Many pent-up needs and wants of the people at home never were better backed by actual and potential purchasing power. Never has our banking and credit structure been better prepared to facilitate trade and exchange. There can, therefore, be no depression now. If our many wants, backed by the enormous existing purchasing power, were let loose, unrestrained, there would not be just prosperity, there would be the wildest inflation. However, we contend that, even though forces for prosperity be great, counterforces at work threaten to prevent the prosperity that lies ahead from developing into a period of full utilization of our powers to produce and consume with jobs and goods for all; that we are in danger of a prosperity

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for a part of our society with much activity in some industries, but with billions of capital and millions of men either totally unemployed or only partially utilized.

These counterforces arise out of the philosophy and habits of our free enterprise economy. Our principal driving motive is profit taking. Production and distribution of goods and services are by-products of profit taking, and may not materialize as adequately as society has a right to expect. There are two deterrent features that are considered here. The first is that profit taking is not concerned about the origin of moneys for which goods are sold. Profits at the moment are just as real when goods are sold for the consumer's war savings or credits as though they were sold for his current income. When they are sold for war savings or credits, the favored industries may thrive most profitably as long as the savings and the credits hold out. They can find markets for their goods without the necessity for paying wage and salary rates sufficiently high to enable their employees to buy back the equivalent of what they produce. To say that the extra profits retained by these industries or their owners will constitute a demand for extra goods and, therefore, encourage higher production and higher wages, does not suffice. Such savings too often go back unprofitably into the existing industries instead of new ones, or are used to bid up the money value of their stock certificates, as was done in such fantastic manner near the close of the 20's, adding nothing to the output of the industries—just another kind of inflation. A prosperity built on savings and credits means prosperity for that part of industry which can sell to those who have the savings and credits and for those who can buy with them. Others are necessarily shut out. The resulting prosperity, where savings and credits are large, can be an extreme prosperity, even accompanied by inflation, if uncontrolled, for those who are able to participate. It will embrace only part of society and will come to an untimely end.

Enlarging the Margin of Profit

The second major set of forces militating in favor of a partial prosperity is the technique practiced by industry in defending and enlarging the margin of profit. This technique is to curtail or temporarily stop production. It is a liquidation process designed to bring wages and salaries down, reduce the price of finished parts, raw materials, both mineral and agricultural; or, if costs cannot be liquidated, to liquidate the consumer by getting the price up. No matter what the purpose, the technique is always the same—just curtail or stop production. The small operator can make only a limited use of this technique except by going completely out of business, that is, by liquidating himself. That is why the 19th century laissez faire system worked as well as it did. Most business was conducted by small operators, who cannot influence prices much, but may hope to liquidate a few costs. The large plant or organized industry can bring about drastic liquidation of both their suppliers and customers without fear of being driven out of business or self-liquidated.

During the present period of reconversion recession, the habit of work stoppage is already being practiced by both employer and employee. Whether the slowdown is brought by industry or labor, the result is the same. Both the supply of goods and the demand for them are curtailed. Production is down and the reduced incomes leave unsupported the consumers' needs and wants.

Many employers, to their credit, are pushing ahead, devising new efficiencies and making an honest effort to meet present wages and sell their goods at 1942 price levels or a little higher, as provided by the OPA reconversion pricing formula. Those are the firms that are making the boldest efforts to build a lasting prosperity for all. Some other firms are holding back, and are producing only that part of their lines with the largest profit margins. They are delaying in starting production of the lower profit margin lines in the hope of liquidating some of their costs and of forcing a more favorable pricing formula. A few plants, we are sorry to say, are failing to turn a wheel, awaiting more favorable costs and prices.

Large Savings and Credits

The present tremendous savings and credits, favoring great industrial activity and buying, will prevent these gentlemen from liquidating us into a severe and lasting depression, where one liquidation would lead to another until the spectacle of the 30's would be repeated. If these forces of savings and credits were not controlled, the practice of increasing the relative scarcity of goods for sale, by curtailing production, and stampeding for higher prices, would throw us into the wildest inflation followed by a disastrous crash.

As a result of the forces for prosperity and the counterforces for depression, we are likely to have, following the present reconversion recession, a period of prosperity for a part of society based on war savings and credits and inadequate consumer incomes with billions of capital and millions of men unemployed or inadequately used. Since the cause rests in our business philosophy and habits arising out of the profit motive, the remedy is not at all easy to find. The individual profit motive is firmly established in our thinking and is considered basic in our economic order. Costs in general must be met by sale prices. No economy can live long unless that is true.

If we are to eliminate the profit motive, what could be put in its place? No highly industrialized society has yet been able to eliminate it except by destructive methods and at the price of individual liberty, and we should never be willing to pay the price of liberty. It is not here proposed to eliminate the individual profit motive. If our freedom is to be preserved, it will be necessary to subdue it, reduce it to its proper place, and make it secondary to social profit. It will do no good to join Mr. Hayek in his longing for the good old days of the 19th century small enterprise freedom. We are now a large enterprise industrial order, and must develop a freedom for that kind of order. The scale of World War II, and the atomic bomb settled that issue for all except the extremely unimaginative. The way to freedom is to develop social and economic ethical practices which will enable us to use and enjoy the fruits of large scale enterprise without destroying ourselves—to develop a new sense of social and moral responsibility and appreciation of law and order, a respect for the rights of others and a spirit of cooperation that will carry our civilization to new levels of economic achievement and liberty.

This has been the way of progress throughout the ages. Always, as new conditions arise, there have developed new practices and behaviors followed and obeyed by common consent. For example, we drive down the right side of the road, obey the stop and go signal, stand in line at the theatre windows, and practice a thousand other regulatory behaviors. Among them are all the commonly obeyed ethical standards in economic affairs. There is a minimum of stealing where it would be easy to steal. We meet our obligations, stand behind our signatures, and refuse to cheat in ordinary business deals. What we have to do now is to expand this moral growth adequately to govern us in our enlarged economic world. We must continue to expand our sense of social responsibility until we place social profit farther and farther ahead of individual profit in importance.

Achieving Social Profit

We know of no way to bring this about except by the efforts of home, school, church and state, and intelligent business itself. These are the agencies that have been used throughout the centuries, but they seem to have accomplished so little in the immediate past that it is considered almost defeatism to turn to them. Perhaps as the atomic bomb may force us to learn some much needed international relations lessons, the collapse of some European economic systems and the dire state of our own economic situation may make us a bit more teachable of ethical economic lessons.

There are thousands of good businessmen who place social profit high in relation to their own individual profit, and always think of it in connection with a business deal. There must be many more of them in the future. Somehow a soul must be developed in the business corporation. It is not enough just to be piously good and play square in an ordinary business deal. That is a fine start. Our society is complex and it is going to take great intelligence, real imagination, and a new integrity to be able to appraise the importance of long range social needs over one's own immediate profit interests.

We should observe that whenever a social practice becomes quite largely accepted, society has always called upon its state to enforce the practice on the obstinate or careless minority. We see it in our common practices of driving down the right side of the road, obeying the stop and go lights, etc. The same is true of economic practices. One can scarcely think of an economic practice which is not supported by law and the courts. Government has always been called upon to enforce economic practices that are thought to be best for society, and always will be. Recent examples are numerous: the anti-trust laws, fair trade laws, banking regulations, inter-state commerce regulations, and hundreds of others. The chain of events is simple. Some change takes place, such as a new invention, a new idea or technical process, a railroad, an automobile, television, the airplane, the rocket, and atomic power. The change invites and forces new practices. Moral issues develop which must be resolved by a new pattern of orderly behavior, which in turn becomes enforced by government and law. This process has always had the effect of curbing the individual profit motive in favor of social profits, and as our social economic order accelerates in its development, stimulated by the far-reaching changes that have come upon us, there must necessarily be a further subduing of the profit motive for the benefit of society.

It is the road we have always followed, and is without question the way for our complex industrial society to maintain economic freedom. Some may weep for the unrestricted simple economic practices of the 19th century, and the exploitative minded may call names and indulge in neurotic tantrums because of its passing. The way to economic freedom is the way of progress which we have followed through the ages. If we reject this way of developing higher and higher ethical standards and turning them into practice and law, and insist upon applying the exploitative economic standards of the 19th century in this age of complexity, we can expect curtailed production, idle capital, and unemployment to be repeated again and again, until finally, too many people will feel that our free enterprise system is not worth the cost, and will call upon government to become the master instead of the servant, and exchange our freedom for state industries and guaranteed jobs.

Credit executives carry heavy responsibilities, not only to their firms, but to society as well for the extension of sound credit. Our inflationary forces today arise out of the ever increasing quantity of money in relation to the short supply of consumer goods. Credits are an extension of the supplies of money, and, therefore, add to the already overpowering demand for goods. Credit facilitates trade. When properly extended, it increases not only consumption, but production as well. When this is the case, it is not inflationary and we have no quarrel with it. Credits which are slow in being repaid, on the other hand, do not facilitate production and are, therefore, inflationary. Credits which are not repaid at all add nothing to production and are one hundred per cent inflationary.

Unwise Credit Extension

Every unwise extension of credit tends to create false buying and a false prosperity which must end in disaster. The unhealthy extension of credit during the 20's contributed very heavily to the deep and prolonged depression of the 30's. By the fall of 1928, private and bank loans to foreign firms had expanded to $9 billion and domestic installment loans had increased by another $9 billion. This rate of expansion of sales could not go on indefinitely, and industry had expanded to meet the increased sales.

As early as 1938, students of finance had become alarmed and bankers were warned that unless new markets could be found, a crash was inevitable. During the winter of 1928-1929, I heard a professor of economics give the same warning and prophesied a terrible depression and even another world war as the result of the over-expansion of credit already having been made. We have seen all of this happen.

A credit man needs to know the consequences of his activities. A credit man is of little value to his firm, and he may bring disaster to it unless he understands the effects which his activities will ultimately have upon it. Nor will he contribute anything to society, if he does not bring disaster upon it, until he understands the effects of his credit activities on society, and has some social conscience about it. ★★★

NATIONAL MEMBERSHIP ACTIVITIES

Special Campaign

FOR MANY MONTHS, the National Retail Credit Association has had a consistent net gain in membership which has given the Association the largest membership in its history.

This exceptional success is due almost entirely to the fact that a large number of its members and Credit Bureau Managers have assisted the Membership Committee by inviting other Credit Managers in their community to belong to the Association. The Committee is sincerely indebted to these members for their fine cooperation.

The National Membership Committee has just announced a special campaign to secure 1,500 new members by May 1, 1946. Listed below are just a few of the benefits a Credit Manager would receive from a membership in this Association.

(1) Better informed
(2) Better planning
(3) Postwar problems
(4) Monthly meetings
(5) Improved practices
(6) Clears the thinking
(7) Textbooks on credit
(8) Mutual understanding
(9) Standardize practices
(10) Low cost—high return
(11) Education of co-workers
(12) Benefit of group thinking
(13) Expense saving procedures
(14) Interchange of experiences
(15) Publications and literature
(16) Know your fellow credit men
(17) The latest in credit information
(18) Personal contacts and friendships
(19) Knowledge of National legislation
(20) Topics of new and general interest
(21) Broader knowledge through association
(22) Avoids spreading of unwise practices
(23) Influence of association with others
(24) Better job to management and customers
(25) National, District and State Conferences
(26) Advice of new credit regulations and changes
(27) Benefits are reflected to all your associates
(28) Improvements in the mechanics of credit procedure
(29) Sounder growth through sounder material and foundations
(30) Broader scope of knowledge, not just your own picture
(31) "CREDIT WORLD" is a monthly encyclopedia of credit information
(32) Small and large credit granters have an opportunity to see each others' viewpoints
(33) Fundamentals of sound credit practices are National in scope and operation
(34) Better credit applications and information through knowledge of others' viewpoints
(35) WHAT RETURN, MORE THAN THIS, COULD ANYONE EXPECT FOR AN INVESTMENT OF $5.00 A YEAR?

Membership Committee

Harry F. Reid, Chairman
Consumers Power Company, Jackson, Michigan

Bernard D. Fuchs
Block & Kuhl Company, Peoria, Illinois

George V. H. Brown
Buffum's, Long Beach, California

Stannard M. Butler
Schenectady Union-Star, Schenectady, New York

T. A. Nickel
Bromberg & Company, Birmingham, Alabama

Walter G. Cassmeyer
Merchants Ice & Fuel Company, St. Louis, Missouri

John H. Suydam
The Toronto Credit Bureau, Toronto, Ontario, Canada

W. P. Choate
United States National Bank, Portland, Oregon

C. F. Basler
Thomas Kilpatrick Company, Omaha, Nebraska

W. C. Goodman
Reynolds-Penland Company, Dallas, Texas

William F. Cawley
Albert Steiger Company, Springfield, Massachusetts

Henry C. Alexander
Belk Brothers Company, Charlotte, North Carolina

Harry P. Earl
Credit Bureau of Salt Lake City, Salt Lake City, Utah

Joseph A. White
Harris Stores Company, Pittsburgh, Pennsylvania

Membership Blank

**National Retail Credit Association
Shell Building, St. Louis, Mo.**

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose $5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name.......................................

Title.......................................

Firm.......................................

Business.......................................

Address.......................................

City......................... **State**.............

Recommended By.............................

What Is the Most Important Credit Problem

★ ★

Opinions of Store Executives

The most important credit problem confronting the credit granter in 1946 is credit sales promotion; building credit volume above prewar levels as a means of establishing regular customers for the years ahead. Business is again keenly aware of competition, and the race for sales will begin as soon as all types of merchandise are available in sufficient quantities. If properly promoted, credit sales will reach a new high level, but it will be necessary to set aside a definite budget to be used especially for that purpose. Reviving of inactive accounts and soliciting new charge customers must be carried on regularly, persistently, and intelligently. The credit department is almost unlimited as a potential sales building division, and it must be regarded as such by store executives and sales promotion managers when budgets are arranged. The credit department must then be prepared to do a thorough job of promoting charge sales and building customers' good will. —C. C. Adler, President, The Johnston-Shelton Co., Dayton, Ohio.

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Due to the reverse in supply and demand, which places the consumer in a much more favorable position, and also by the possible abolishing of many credit restrictions, it seems that there should be a most prudent and cooperative policy followed in the extension of credit; guarding constantly against our overenthusiasm to place volume accounts on our books, regardless of the ultimate result.—H. G. Aldred, Assistant Vice-President, Nashville Trust Co., Nashville, Tenn.

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During 1946 we expect a large increase in our installment selling due mainly to the type of items that are appearing and will continue to increase in supply, such as major appliances and radios. At the outset, Regulation W restrictions will not retard installment selling, but unless Regulation W is revised during the spring of 1946, it is expected that it will adversely affect installment sales in the fall. As 1946 progresses less cash will be in circulation, therefore, there will be a greater demand for various types of credit.—H. D. Brohm, Vice-President and Controller, Wieboldt Stores, Chicago, Ill.

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The most important credit watchword for 1946 is—adhere strictly to sound credit practices. Full pocketbooks and shortages of merchandise generate inflationary pressures. Too liberal extension of credit increases these pressures. This is no time to pyramid monthly accounts or to initiate highly competitive installment plans.—R. E. Campbell, President, Miller & Paine, Lincoln, Neb.

★ ★ ★

The most important problem that is facing credit granters is the reconstruction of staffs with experienced employees, or training inexperienced people in order that we may be prepared for the large volume of business that is confronting us.—H. H. Christensen, Vice-President, Citizens National Bank, Los Angeles, Calif.

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The most important credit problem for 1946 will be to maintain high collection percentages on accounts after Regulation W has been abolished without excessive collection costs. We should also reduce all collection department expense as much as possible through streamlined billing and elimination of all nonessentials, in order to offset possible future lower markups and higher salaries.—Henry M. Doll, Secretary, Desmond's, Los Angeles, Calif.

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Since the promulgation of Regulation W credit granters have enjoyed satisfactory collections. Collections will not be as prompt after Regulation W is abolished, however, a trend will have been established and we will benefit from it in the post regulation years. However, it is possible that customers will revert to their old paying habits. Therefore, it is wise to prepare for a slower collection rate, irrespective of the fact that there may be a great deal of money in circulation. The establishment of hundreds of new businesses by returned veterans, many of whom have had little or no credit experience, may tend to lower our collection standards. Every city should carry on an aggressive educational program if our hopes for uniform postwar credit policies are to be realized.—Lambert S. Gill, Vice-President, The Emporium, St. Paul, Minn.

★ ★ ★

The most important credit problem for 1946 is to prevent return of the abuses on consumer credit existing prior to the war economy by organizing the merchants who dispense credit to the consumer to take collective action in the adoption of sound credit policies. Regulation W has been a controlling factor during the war economy, and undoubtedly will be continued until such time as durable goods are available in sufficient quantities to meet the demand when the danger of malpractices will be in evidence; unless merchants in the community organize to prevent this happening.—T. L. Evans, Treasurer, J. N. Adam & Co., Buffalo, N. Y.

★ ★ ★

The most important credit problem confronting retailing in 1946 is, what will happen if Regulation W is eliminated or emasculated? During the time that the Regulation has been in force collections have increased, resulting in a large sum being saved in working capital. Ultimate charge offs have also been reduced. Any credit policy which endangers the economic growth of the customers should be avoided. To grant credit in excess amount or for too long a term usually results in loss to the retailer and loss to the customer of partly paid for merchandise. A race among retailers to offer longer terms reflects upon the business sense of such organizations. We are now confronted by formerly highly paid workers who are returning to old positions or to entirely new jobs, by transfers from other cities, and by veterans choosing a new line of work. All such customers are being reoriented, and it may require time for the adjustment. A wise credit executive can protect his store and the customer by taking the time to talk it over with the applicant, and an explanation will often result in a complete understanding of the reason why the credit demanded should be modified. Such a retailer gains the respect of the community.—Howard Cooper Johnson, Vice-President, Strawbridge & Clothier, and Vice-President, Philadelphia Credit Bureau, Philadelphia, Pa.

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During 1946 it will be our duty to extend the wisest counsel and guidance to see that through the proper use of credit returning soldiers are supplied with civilian goods just as they were supplied with materials of war. Many of them who have never had the benefit of credit extension must be taught to realize that credit is a privilege to be cherished. If they owed an obligation to their country, they repaid it many times in the service. With our help they will do the same in civilian life.—A. H. Kindler, Controller. The G. M. McKelvey Co., Youngstown, Ohio.

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We are faced with the problem of reactivating charge accounts. There are thousands of customers who have not used their accounts for patriotic reasons. They are ready to use them again, and will expect the same merchandise and service they were accustomed to when their accounts were active. The returning veteran will want to establish his credit in order to rehabilitate himself, and credit will often be based on a moral rather than a financial risk. There are thousands of newlywed couples, who are waiting for the time they can

For 1946?

build their homes and rear families. Every year we have a new generation of credit seekers, mostly young people who are opening their first accounts. They should be encouraged, although the limit on their accounts may be small, and if they are properly educated as to their credit responsibility by the extenders of credit they will become good customers. Regulation W has served its purpose during the war, and now that the war is over, merchants should be permitted to regulate their own business. However, there are good points in Regulation W which could be put into a community policy to good advantage, if rigidly adhered to.—Isaac Liberman, President, Arnold Constable, New York, N. Y.

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In extending credit in 1946 we should take into consideration that our economy will be subjected to many powerful factors that have not confronted us before. We are traveling on an uncharted course, and it would be wise to avoid loading the individual with too much credit.—George E. Merrifield, Vice-President and Treasurer, The Higbee Co., Cleveland, Ohio.

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1946 is going to be a difficult and interesting year for all stores, particularly for the credit departments. The problems of reconversion and the changing status of many of our customers will make the credit operation a difficult one throughout the year. It is also probable that the year may see a return to more extensive competition for business, and I think all stores will welcome it. The efficient credit department will be alert to seize the opportunity to advance the store interests and to sell its customers on its policies and merchandise. Effective operation in the credit office will be more important than it has ever been before.—F. M. Mayfield, President, Scruggs-Vandervoort-Barney, St. Louis, Mo.

Opinions of Credit Executives

The greatest problem for the credit granter for 1946 will be to exercise extreme caution in closely checking shifting employment, lowered incomes, and change of addresses. It is important that we should also plan a safe and sensible liberal credit policy, preferably a community credit policy to take the place of Regulation W when it is discontinued.—Wm. A. Atkinson, Credit Manager, Hurley's, Camden, N. J.

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Regulation W has proved helpful and practicable during the emergency, but it will probably be abolished. It is, therefore, necessary to adopt community credit policies in 1946.—A. C. Artigues, Credit Manager, White Bros. Co., New Orleans, La.

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The most important credit problem confronting the credit granter for 1946 is reconversion. During the war years service to customers has been somewhat lacking, with the handy and overworked excuses of government regulations, lack of personnel, shortages, etc. Let us eliminate these words from our vocabularies and settle down to an honest effort to serve our customers.—Walter B. Broderick, Credit Manager, H. L. Benbough Co., San Diego, Calif.

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I do not know of any one thing that stands out as the most important credit problem in 1946. With continued large government expenses, strikes and other reconversion trouble, our attitude should be one of caution and keen watchfulness. There will be a letdown sooner or later.—Mr. Bruebach, Credit Department, The May Company, Cleveland, Ohio.

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The most important credit problem for 1946 is to realize that excuses for impaired service and discourtesies are tabu, and that improved service and customer contacts are paramount and always a must. Coupled with that is the stabilization of installment sales if and when Regulation W is removed. A strong present argument for its retention is the unsettled industrial conditions. A community credit policy without means of enforcement is of little value; it has been tried and found wanting. Gentlemen's agreements are too often honored in the breach rather than the observance. Rigid control is essential and Regulation W intact, or with slight modifications, is the answer.—Frank Batty, Credit Manager, Hale Brothers, San Francisco, Calif.

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The availability of merchandise, and the return of veterans will bring about problems, but it will also mean more business and larger profits. Regulation W should not be eliminated; hundreds of loyal and prompt-paying customers are thoroughly pleased with the ruling. It could remain in effect as it now stands until goods are available in larger quantities, and then be modified. Servicemen should be shown special attention, and re-educated in credit procedure. Permanently disabled applicants should be given diplomatic consideration.—Cathryn Brown, Credit Manager, The Parsons-Souders Co., Clarksburg, W. Va.

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The most important credit problem that will confront the credit granter in 1946 is the proper handling of applications for credit from veterans. It appears that in many instances the returned veteran is of the opinion that he will have no difficulty in obtaining credit. Although the veteran is entitled to every consideration, his application for credit should receive careful consideration, and the merchant should not hesitate to refuse credit when it is evident that the applicant is not worthy. However, I do believe that it will be possible to extend credit in a moderate amount, even though the past credit history was not completely favorable, thereby enabling the veteran to re-establish himself. In other words, assist him in every way possible, but do not burden him with an obligation which is neither necessary nor one that he can properly handle.—William F. Cawley, Credit Manager, Albert Steiger Co., Springfield, Mass.

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We are already experiencing what will be our greatest credit problem as credit granters during our coming years. Returned veterans and war workers are inclined to overbuy, however, under Regulation W we are still able to force purchasers to be more conservative in making credit purchases. When Regulation W is modified, to avoid the mistake made before the war, credit granters must concentrate more on selling merchandise and not terms, training our customers to live within their means and not overbuy. This can be avoided by closer cooperation with fellow merchants and our local credit bureau.—Glenn Cashion, Credit Manager, National Furniture Store, Mobile, Ala.

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For the next several years the credit executive will be compelled to make a more careful analysis of the applicants' ability to pay than he has in the past. Increased incomes have raised the standard of living, and desires have been intensified by the purchasing of articles that were formerly out of the reach of the applicants' ability to obtain. These desires will tend to increase the difficulty of the credit executive's decisions. Changes in the economic status of the applicant will not permit the purchase of materials on the standard of the past few years, but the average worker is unwilling to recognize this fact. The credit executive will be forced to do a better and more thorough job of counselling with the applicant in order to keep his purchases within the range of his ability to pay.—C. W. Cummings, Credit Manager, Lewis Manufacturing Co., Bay City, Mich.

The revision of credit limits will be the paramount problem for 1946. A few incomes will increase, and many will decline. This situation will require unremitting vigilance, plus tactful handling. The problem will be simplified if Regulation W is retained, without major modification, for another year.—W. C. Durham, Credit Manager, R. E. Kennington Co., Jackson, Miss.

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The most vital thing in credit operations during 1946 will be to keep customers conforming to the prompt habits that have been necessary under Regulation W. It will be the policy of this company to continue to operate under the same terms and conditions as Regulation W, when this Regulation is either amended or appealed.—Chas. E. Evans, Credit Manager, The Aug. W. Smith Co., Spartanburg, S. C.

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The most important problem is the extension of credit to the discharged serviceman and woman, and to the discharged defense plant employee. We owe a debt of gratitude to those people; however, we must be loyal to our employers and we must safeguard their interest. This problem should be given serious consideration, and we should not extend credit without a thorough retail credit association report.—P. A. Howell, Credit Manager, Hemenway-Johnson Furniture Co., Shreveport, La.

* * *

The most important credit problem confronting the credit granter for 1946 is that of terms stabilization, if and when Regulation W has ceased to exist. I feel that terms should be regulated insofar as installment sales are concerned. I do not believe that competition in terms can be eliminated by community credit policies. Human nature will cause some merchants to sell terms, and will also make other merchants meet this competition. The continuation of Regulation W is the only thing that would be effective. It should be modified to require a lower minimum down payment, longer monthly terms, and stabilized carrying charge rates. With banks, finance companies, and many others going into the installment field there is going to be an inclination to reduce carrying charges, and when these are reduced below 6 per cent the cost of operating credit departments will definitely come out of the markup on merchandise. Should there be any tendency toward reducing carrying charges, I believe this is a subject that should be put to the fore at your next convention.—A. B. Hunter, General Credit Manager, The Rudolph Wurlitzer Co., Chicago, Ill.

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Competition in terms is ruinous to us and the customer. Our community credit policy is signed and sealed, to take effect the day the government gets out of the credit office. This is the solution to the 1946 credit problem. It has worked for us since 1933.—Sam A. Ivey, Assistant Credit Manager, Louis Pizitz Dry Goods Co., Birmingham, Ala.

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The most important credit problem confronting the credit granter for 1946 is to intelligently apply the three C's: Character, Capacity, and Capital, to all credit problems. If this is done, it will insure the maximum in credit sales and a minimum loss.—P. C. Jackson, Credit Manager, C. E. Chappell & Sons, Syracuse, N. Y.

* * *

One of the most important credit problems for 1946 will be the modification of Regulation W, especially from the installment angle, by reduction of amount of down payment and extending time for payment of balance.—Chris Jensen, Credit Manager, The Crews-Beggs Dry Goods Co., Pueblo, Colo.

* * *

We must be careful with our credit extensions and thorough in our collection follow ups this year because of the unsettled conditions due to our changing economy basis.—Clyde C. Kortz, Credit Manager, The Higbee Co., Cleveland, Ohio.

* * *

It is important for credit men and women to get their house in order. We should strengthen our credit personnel by replacing all inefficient employees and establishing a training course for all employees in an effort to bring each one up to par. With a good credit office staff no goal is too high.—Marion A. Leleu, Credit Manager, Brown-Dunkin Co., Tulsa, Okla.

Department stores should not let their customers overbuy; and, they should adhere to the strict policy of not letting an account not paid in full by the 10th of the month be increased until such time that it is paid.—Henry Martin, Credit Manager, Halliburton's, Oklahoma City, Okla.

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The most important credit problem for 1946 is the proper handling of credit for returning service personnel. We must adopt a sympathetic, appreciative, and helpful attitude in opening accounts and giving counsel. For the mutual benefit of customers and our firm, we must not permit these tendencies to influence our better judgment.—F. R. Medlen, Credit Manager, M. Lichtenstein and Sons, Corpus Christi, Texas.

* * *

The most important credit problem confronting us for 1946 is that of obtaining full and accurate information about our customers, both new and old. There have been so many displacements among industrial workers that information obtained when accounts were opened, in many cases, is of no value to us at present. Due to the fact that such a great number of people who during the war were associated with war plants have changed their permanent home locations, it has become increasingly difficult to secure information upon which to pass judgment. If we are not extremely cautious in the next year, we run a great risk of granting undeserved credit on this erroneous information.—M. H. Myers, Credit Manager, Barker Bros., Los Angeles, Calif.

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An important credit problem confronting a credit granter for 1946 will be the outstanding balances owed on open accounts by officers being returned to civilian life. In many instances they had poor paying positions before entering the service, and no doubt will return to jobs with considerably less income than they made while in the service. The fact that they have charged heavily and paid promptly during their service career makes it difficult for credit managers to decline them additional credit when we know that they may be discharged owing a sizable balance which they may find difficult to pay out of their civilian salaries. They will be returning to their homes, which in most instances will be far away from you, and will further jeopardize the safety of their balance with you. We have already seen enough of these cases to make us realize that there is a potential volume of marginal business from this source. —S. C. Patterson, Manager of Credits. Neusteters, Denver, Colo.

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The most important credit problems that may occur during 1946 will be those directly related to unemployment, especially with respect to labor strikes. War industry workers will be shifting to centers offering permanent employment or migrating to their original homes. The credit granter must, therefore, attempt to protect each account against the possibilities of its becoming a conversion hazard or a skip. It will also be necessary to be cautious about extending credit to displaced war production workers who have had larger earnings. The credit granter will be faced with a problem regarding the rehabilitation of returning servicemen and women. They should be extended every consideration, however, a credit granter must depend upon credit reports for factual statements made prior to the war so that sound credit decisions may be adhered to. There is no substitute for common sense in extending credit.—Joseph Raff, Credit Department, The May Co., Cleveland, Ohio.

* * *

The most important credit problem facing stores is the cooperation among merchants to form a community credit policy and that merchants live up to whatever policy their respective cities agree upon. We, as credit men, should not forget to be sales minded, and we should use every method to open more credit business, but it should be procured on a sound credit basis. We should never permit ourselves to sell terms instead of merchandise.—Louis Selig, Treasurer, Rosenfield's, Baton Rouge, La.

(To be continued next month.)

CLEVELAND CONVENTION PLANS

Convention Committees

The following have been appointed to serve on the various Cleveland Convention Committees:

Honorary Chairman
Wallis Slater, Sterling and Welch Co.

General Convention Chairman
C. Glenn Evans, Halle Bros. Co.

Committee Secretary
G. W. Gray, Cleveland Retail Credit Men's Co.

Group Conferences
G. C. Driver, The May Co.

Entertainment
T. W. Walters, Morris Plan Bank.

Program
C. C. Kortz, The Higbee Co.

Hotel Reservations
Wm. Hoffman, Stearn Co.

Registrations and Finance
J. G. Ost, Cowell & Hubbard Co.

Reception
F. R. Close, Wm. Taylor Son & Co.

Public Relations
C. W. Tobey, East Ohio Gas Co.

Credit Forms
F. W. Walter, Bailey Co.

Ladies' Entertainment
Mrs. C. Glenn Evans

Credit Women's Breakfast Club
Miss Gertrude Blazer, Fuller Cleaning Co.

Hardware and Building Materials
Harrison Sause, Cleveland Lumber Inst.

Petroleum
A. E. Fletcher, Standard Oil Co. of Ohio

Dairy and Bakery
Theo. Polack, Telling Belle Vernon Co.

Men's Wear, Women's Wear and Shoes
Wm. Hoffman, The Stearn Co.

Ice and Fuel
Atlee Schafer, Schafer-Suhr Coal Co.

Public Utilities
Clifford Tobey, East Ohio Gas Co.
Harry Ballard, Cleve. Elec. Ill. Co.

Hotel
James Cassell, Hotel Statler

Jewelry
Joseph Ost, Cowell & Hubbard Co.

Newspapers and Publishers
A. R. Peterman, Cleveland Plain Dealer

Commercial and Industrial Banking
T. D. Hammond, Central National Bank

Small Loans
George Evans, Personal Finance Co.

Installment and Finance
F. W. Heyman, Sears Roebuck Co.

Hospital and Professional
Remington Peck, Cleveland Clinic

Department Stores
C. C. Kortz, The Higbee Co.

Plan Now to Attend

PLAN NOW to attend the 32nd Annual Business Conference to be held in Cleveland, May 13, 14, 15, and 16, 1946. While the general sessions will not open until Tuesday morning, May 14, you are urged to be on hand Monday morning, the 13th. By arriving a day ahead of the scheduled meetings, you will have an opportunity to visit the equipment exhibits. The leading manufacturers are participating, and the equipment to be exhibited will be outstanding.

It will also afford you an opportunity to examine the credit letters and forms exhibits which, as heretofore, have proved interesting and helpful. In addition, you will be able to visit some of the Cleveland stores on Monday afternoon, and in the evening the Cleveland Association will be hosts at a "Get Together" party.

In making your plans to attend the conference this year, by all means remain Thursday evening, as the grand finale will be the banquet and entertainment that night.

The Cleveland Committee will, from time to time, announce convention plans in The CREDIT WORLD. Group chairmen are now working on programs, the highlights of which will also be published.

The general sessions program is almost complete, and the speakers are leaders in their respective fields. You are assured a well-balanced program, which has been arranged to give you a broad picture of business in the immediate future, and the problems with which we will be confronted during 1946, and possibly into 1947.

Hotel Rates

The Hotel Statler, Cleveland, will be the official headquarters for the convention. *We suggest that you reserve your room now.* If the Statler is unable to provide the desired accommodations, your reservation will be referred to the Chairman of the Hotel Reservations Committee who will then contact one of the three near-by hotels listed below. Here are the rates:

	Statler	*Carter*
Single	$ 3.00– 6.00	$3.75–4.50
Double	$ 4.50– 8.00	$5.50–7.00
Twin Beds	$ 5.00– 8.00	$6.00–7.50
Suite for two	$10.00–15.00	----
	Cleveland	*Hollenden*
Single	$ 3.25– 6.00	$ 3.50– 5.00
Double	$ 4.50– 8.00	$ 5.00– 6.50
Twin Beds	$ 6.00–10.00	$ 6.00–12.00
Suite for two	$12.00 up	$10.00–15.00

32nd ANNUAL BUSINESS CONFERENCE

May 13-16, 1946, Hotel Statler
Cleveland, Ohio

National Retail Credit Association

Associated Credit Bureaus of America, Inc.
Credit Women's Breakfast Clubs of North America

SHORTLY after our arrival at the Empress Hotel, Victoria, one of the most delightful in Canada, we were welcomed by Harry Dawson, manager of the credit bureau, who brought Mrs. Crowder some beautiful flowers from their garden. Visited the credit bureau in the afternoon, but did not make other calls because Saturday is not an appropriate time, and it rained hard most of the afternoon.

Sunday afternoon Mr. and Mrs. Dawson called for us and we drove to Butchard's Gardens, a beauty spot about eight miles from Victoria. Other points of interest in and around Victoria were visited, and that evening the Dawsons were our guests for dinner at the Empress.

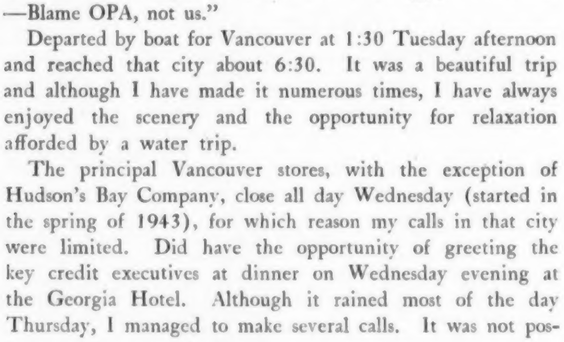
Monday noon there was a luncheon meeting of the directors of the Credit Granters Association of Victoria. In the late afternoon we drove to "Sootsus," the camp of Mr. and Mrs. Dawson on Shawnigan Lake, about thirty miles from Victoria, where we enjoyed a delicious steak dinner. Returned to the hotel about 10:30 that evening.

Several calls were made on Tuesday morning, one on L. E. Evenden, Credit Manager, Hudson's Bay Company. While there I visited C. N. Chubb, Manager of the Company, whom I had met on a previous occasion. We discussed the postwar credit outlook, the tendency on the part of many retailers to forget lessons learned during an emergency, and the inclination, at the first opportunity, to revert to expensive practices in the way of unnecessary services, curtailment of which conditions made necessary. The discussion was brought about by the advertisement in the morning paper of another store, which announced the resumption of its former policy of making daily deliveries.

Walking to the credit bureau I passed a candy store, the door of which was open. Suspended from a rope across the opening was a card on which was printed, "No chocolates, door open for air only." It reminded me of another sign, displayed in the front of a farm home some twenty miles outside of Los Angeles, which read: "No eggs, no chickens —Blame OPA, not us."

Departed by boat for Vancouver at 1:30 Tuesday afternoon and reached that city about 6:30. It was a beautiful trip and although I have made it numerous times, I have always enjoyed the scenery and the opportunity for relaxation afforded by a water trip.

The principal Vancouver stores, with the exception of Hudson's Bay Company, close all day Wednesday (started in the spring of 1943), for which reason my calls in that city were limited. Did have the opportunity of greeting the key credit executives at dinner on Wednesday evening at the Georgia Hotel. Although it rained most of the day Thursday, I managed to make several calls. It was not possible for C. R. M. Gale, Dean of the Vancouver credit men, and Credit Manager of David Spencer, Ltd., to attend the dinner meeting, so I visited with him for a short while. Also called on J. W. McClure, Industrial Acceptance Corporation, Ltd., Past President of the Vancouver association, and Frederick T. Jones, Head of the Vancouver branch of that corporation, who in the late twenties was associated with me in the finance business and who at that time was representative of the Industrial Acceptance Corporation in Australia.



Above is a snapshot of Vancouver taken from a window of the Vancouver Hotel. The Straight of Georgia is in the background.

Had the pleasure of discussing the credit outlook with L. H. Thorlaksson, Controller, and Charles G. Banner, Credit Manager, Hudson's Bay Company. On Thursday evening we were the dinner guests of Tom and Mrs. Downie at their home about six miles from downtown Vancouver. It is

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beautifully located and overlooks Georgia Bay. The Vancouver Credit Women's Breakfast Club, through Miss Harriet Tillson, President, sent a gorgeous bouquet to Mrs. Crowder.

Left for Banff at 7:45 Thursday evening and reached that city early Friday evening. The trip from Vancouver to Banff, and particularly through the Canadian Rockies, is one of the most beautiful in North America. We were met at the train by Harry Schultz, Manager, the Credit Bureau, Calgary. Harry, whom I have known for ten years, was taking a much needed vacation, and we spent Saturday, Sunday, and Labor Day together. Harry had driven to Banff, so we had an opportunity to visit many interesting spots in and around Banff and Lake Louise, about forty miles distant. Although I had passed through Banff on several occasions, it was the first time I had taken "time out" to stop for a brief visit. Mrs. Crowder and I had the pleasure of a game of golf on Sunday afternoon on the Banff Springs golf course, an outstanding course from the standpoint of scenery and sporty golf holes. Coming as it did, on a week end, I was not delayed in my visits to other Canadian cities. Monday afternoon we drove to Calgary, eighty miles east of Banff, and that evening were dinner guests of Mr. and Mrs. Schultz, where we enjoyed a most delicious dinner.

Early Tuesday morning Harry Schultz, S. T. Richardson of the British American Oil Company and Director of the Credit Granters' Association of Canada, and I left for Edmonton by plane. Had luncheon with the Edmonton Association President, Harry Genser, Walk-Rite Style Shoppe, Ltd., and C. H. Williams, Manager, Credit Granters' Bureau, Ltd. The dinner meeting of the Edmonton association that night was attended by 80 to 85. In addition to my talk on the postwar business outlook in Canada and the United States, and particularly the credit phase of business, Messrs. Schultz and Richardson made brief talks. The importance of a com-

munity credit policy, to take effect when credit controls are lifted, was stressed. During the afternoon we drove to the home of Mr. Williams to pay our respects to Mrs. Williams and to meet Cy's two young daughters, of whom he is very proud.

Edmonton is a thriving city, one of the most important in the North Country. During the building of the highway to Alaska it was particularly active, and the population, including many newcomers from south of the border, was greatly increased.

Returned to Calgary by plane Wednesday morning. That evening the Calgary Association held a dinner meeting at the Palliser Hotel. Attendance numbered 142, and among the guests were Robert M. Cook, President, the Canadian Credit Men's Trust Association, and Albert Baxter, President, the Southern Division (Alberta) Canadian Credit Men's Trust Association. At that meeting it was my privilege, on behalf of the Tenth District of N.R.C.A. to present to Harry Schultz the district membership cup for reporting the greatest number of new members for the year ending April, 1945.

Before leaving Calgary I called on F. W. Funk, Credit Manager, Hudson's Bay Company. He was formerly Credit Manager at Winnipeg and prior to that, Credit Manager, E. E. Atkinson Company, Minneapolis. Mr. Funk also served as National Director in 1925-26-27.

Thursday evening Messrs. Schultz and Richardson, and Mrs. Crowder and I left for Regina, the capital of Saskatchewan, where we arrived on Friday morning. Were met at the train by A. C. Williams, Credit Manager, R. H. Williams & Sons, Ltd., and Director of the Credit Granters' Association of Canada. He is also Chairman, Retail Section of the Regina Board of Trade, and President, the Credit Granters' Association of Regina.

At noon I addressed the Regina Board of Trade. The meeting was attended by a most representative group of businessmen, wholesale, retail, and professional. The attendance was 102, which was excellent, considering that there was competition in the way of another luncheon meeting. Several calls were made prior to the meeting, and in the afternoon we had the pleasure of a drive over the city as guests of Alex Aitken, Commissioner the Regina Board of Trade. Regina is a beautiful city and a remarkable job has been done, considering that it was a prairie forty years ago. A very interesting part of the trip was a visit to the barracks of the Royal Canadian Mounted Police.

Messrs. Williams, Richardson, and Schultz were our dinner guests Friday evening, and later that evening we were guests of Mr. Williams at a cocktail party at the Saskatchewan Hotel. Among those present were: Alex Aitken, Commissioner, the Regina Board of Trade; Harry N. Gross, General Manager, Crescent Finance Corporation and Director, the Credit Granters' Association of Regina; Herman F. B. Eberts, Proprietor, Security Adjustments and The Credit Bureau, and Secretary, the Credit Granters' Association of Regina; N. L. Neff, Credit Manager, Robert Simpson Western Limited; A. C. Williams; Morgan Guild, Credit Manager, T. Eaton Co. Ltd., Ken H. More, Credit Manager and Accountant, Bill and Fred's; Harry O. Schultz; and S. T. Richardson. There were several other prominent retailers and financial men present, as well as the wives of a number of the men, but space does not permit listing them.

Left Regina Friday night for Winnipeg, where we arrived Saturday morning. It rained hard most of the day, and because it was Saturday, I made no personal contacts.

On Sunday afternoon the directors of the Credit Granters' Association of Canada and visiting credit bureau managers were present at a garden party at the home of Mr. and Mrs. Frank Womersley. Unfortunately, it was raining very hard and the party had to be held indoors, but it was a delightful affair. At seven o'clock Sunday evening there was a joint dinner at the Royal Alexandra Hotel, attended by directors and alternates of the Credit Granters' Association of Canada, and the credit bureau managers. There was an address by H. J. Craddock, President, Aluminum Goods, Ltd., Toronto, and President, Credit Granters' Association of Canada. An informal directors' meeting was held following the dinner.

In view of the absence of several directors who were expected to arrive that night or early the following morning, it was decided to convene the meeting Monday morning.

It was my privilege on Monday morning to address the Bosses' Breakfast of the Credit Women's Breakfast Club of Winnipeg. It was still raining hard, but notwithstanding this, there was an excellent attendance.

At two o'clock on Monday there was a joint meeting of credit bureau managers and directors of the Credit Granters' Association of Canada, for consideration of credit control legislation. At this meeting a resolution of the Retail Credit Granters' Association of Vancouver was discussed, urging the adoption of community credit policies throughout the Dominion of Canada by voluntary agreement between credit granters. Other recommendations pertaining to credit control were submitted by the Vancouver association and were given careful study by the joint meeting.

On Monday evening at seven o'clock there was another joint dinner of the credit bureau managers and directors of the Credit Granters' Association of Canada. This meeting was addressed by Harold A. Wallace, General Manager, the Associated Credit Bureaus of America. The directors' meeting reconvened on Tuesday morning at nine o'clock, and adjourned at one o'clock. That afternoon there was a golf game, followed by dinner at the Pine Ridge Golf Club.

Following our return from the golf club Mr. and Mrs. Womersley, Mrs. Crowder, Harry Schultz and I drove out to the home of Mr. and Mrs. Knud Schioler, where we spent a couple of very pleasant hours. As chairman of the Credit Granters' Conference held in Winnipeg last year he did a very fine job. He is a native of Denmark, and he and his family contemplate making a visit to that country next May.

Wednesday was spent making several contacts, discussing the credit outlook in Canada with bureau managers and several directors of the Credit Granters' Association who remained over, and in attendance at the bureau managers' meeting.

CREDIT FLASHES

Charles M. Reed Improving

Early in December Mr. Crowder received the following letter from Charles M. Reed, Past President of the N.R.C.A., who has been ill and confined in a Denver hospital: "I want to thank you for your wire which I received on my birthday. It was highly appreciated by Mrs. Reed as well as myself. Your numerous encouraging letters helped a lot, as did hundred of letters and cards received from all over the country. I am back home and doing nicely and expect to return to the office in several weeks. Please announce that I will attempt to reply to each letter and card that I received from my friends when I am able."

Bureaus Consolidate at Youngstown

Albert H. Kindler, the G. M. McKelvey Co., has been elected first president of the Credit Bureau of Youngstown, Youngstown, Ohio. The new corporation combines the Mahoning Valley Credit Exchange, and the Merchant's Credit Bureau, and began functioning January 1, 1946. Other officers and directors elected are: 1st Vice-President, O. L. Pfau, Strouss-Hirshberg Co.; 2nd Vice-President, George W. Collier, First Federal Savings & Loan Assn.; Secretary, C. C. Walton; and Treasurer, Frank Kline, Lustig's. Directors include: Harry Baker, Leo J. Daley, Leo W. Dunning, Edward V. Eidel, William J. Gutknecht, Jr., William H. Howe, William Jenkins, R. O. Kale, Thomas H. Murray, Jr., Paul Pollock, Nesbitt W. Pope, Joseph L. Richstone, I. A. Rickert, Mary Scanlon, Lowry A. Stewart, Arthur I. Weidman, Donald F. Wilking, and Morris Zoldan. Carl M. Wolter has been elected managing director of the corporation, and will be actively in charge at the new office in the Schween-Wagner Bldg., Youngstown, Ohio.

Discussion Subjects at Pittsburgh Meetings

Customer Relations have proved an interesting subject for discussion at the weekly luncheon meetings of the Retail Credit Association of Pittsburgh, Pittsburgh, Pa. The following subjects have been brought up in these discussions: How to Control Good Will, How Your Credit Policy Influences Customer Relations, How Credit Office Letters Influence Customer Relations, How the Credit Bureau Influences Customer Relations, How Credit Advertisements Influence Customer Relations, and How the Fundamental Principles of Credit Influence Customer Relations. A member of the Association was assigned each topic for preparation of a discussion in advance of the meeting at which it was to be presented.

John W. Gwyer

John W. Gwyer, the John Gwyer Press, and Vice-President, the Retail Credit Association, Pittsburgh, Pa., died November 17, 1945. Born in Briton Ferry, Wales, Mr. Gwyer had lived in Pennsylvania since he was nine years of age. He was executive secretary of the Printing Industry of Pittsburgh, Inc., a member of the Welsh Society, and a director of the Hilltop YMCA.

Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Quebec, Canada, and Nova Scotia, Canada) will hold its 25th annual conference at the Hotel Kimball, Springfield, Mass., June 12 and 13, 1946.

District Two (New Jersey and New York) will hold its annual meeting in conjunction with the Columbia Regional Conference, New York, N. Y., February 11 and 12, 1946.

Districts Three and Four (Florida, Georgia, North Carolina, South Carolina, Alabama, Louisiana, Mississippi, and Tennessee) will hold their annual meeting March 18, 19, and 20, 1946, at the Hotel Charlotte, Charlotte, North Carolina.

District Five (Kentucky, Michigan, Ohio, and Ontario, Canada) will hold its annual convention in conjunction with the 32nd Annual Conference and Credit Sales Forum of the National Retail Credit Association, Statler Hotel, Cleveland, Ohio, May 13, 14, 15 and 16, 1946.

District Seven (Arkansas, Kansas, Missouri, and Oklahoma) will hold its annual meeting at the Marion Hotel, Little Rock, Arkansas, February 18, 19, and 20, 1946.

District Twelve (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia) will hold its annual meeting in conjunction with the Columbia Regional Conference, New York, N. Y., February 11 and 12, 1946.

Mike Weinstein in New Position

Mike Weinstein, who recently resigned as credit manager of Foley Brothers, Houston, Tex., is now office manager of The Fashion, also in Houston. He is a past president of the Houston Retail Credit Association and the Associated Retail Credit Men of Texas.

A. L. Kuhleman Promoted

A. F. Kuhleman, formerly credit manager of Krupp & Tuffly, Houston, Tex., with whom he has been associated since 1901, has been made president and general manager of the store.

Harry C. Engel New President of T.I.C.

Harry C. Engel has been elected president of the T.I.C. Consumer Discount Company, Pittsburgh, Pa. He was with McCreery and Company, Pittsburgh, for twenty-five years, the last ten of which he was credit manager. After that company discontinued its business, he became credit manager for a Cincinnati department store. Mr. Engel returned to Pittsburgh four years ago and became affiliated with the Thrift Investment Corporation of which the T.I.C. Consumer Discount Company is a subsidiary. He is a past president and one of the organizers of the Retail Credit Association of Pittsburgh, and a past director of the Home Building and Loan Association of Bellevue. He is treasurer and acting secretary of the Thrift Investment Corporation and the Thrift Plan of Pennsylvania, and is a director of each of these companies.

W. T. Snider Retires

W. T. Snider, Past President of the National Retail Credit Association, retired January 1, as Credit Manager, Scruggs, Vandervoort, Barney, St. Louis, Mo. He was connected with Vandervoort's for the past 44 years and has been credit manager since 1912. Prior to that he was collection manager. He served as president of the Associated Retail Credit Men of St. Louis. Mr. Snider, who is 71, plans to devote his time to his 450 acre farm at Hillsboro, Mo., 35 miles from St. Louis, where he raises registered Hereford cattle. His home address is 612 Selma Avenue, Webster Groves, Mo. The N.R.C.A. takes this opportunity to wish him many years of health and happiness during his well-deserved retirement.

Charles D. Reno, who has been connected with Vandervoort's for 15 years, will be promoted from assistant credit manager to succeed Mr. Snider. Mr. Reno has also served as president of the Associated Retail credit men of St. Louis.

C. P. Younts Retires

C. P. Younts, formerly credit manager of the Frank T. Budge Co., Miami, Florida, has retired from that position because of failing health. He has been a member of the N.R.C.A. for 27 years, and at one time was field secretary of the Association.

Upon Mr. Younts's retirement he received the following letter from R. D. Maxwell, president of the company:

I am sorry I did not get to see you before you left, as I would have preferred talking to you rather than trying to express my thoughts in writing.

I regret that your health is such that you must cease your usual activities to conserve it, and wish to take this opportunity to thank you for the years of loyal and faithful service that you have rendered to this organization, and to congratulate you on the record you have made.

I also wish to bear witness to the feeling of mutual understanding that has always existed between us. It has contributed to the constant pleasant relations that have characterized the years of your service under me.

Mr. Brady has conveyed to you the action of the board of directors in voluntarily placing you upon retirement pay for life, and we sincerely hope that by so providing for your necessary requirements we will contribute to your years of contentment, and that your health will improve so that you may enjoy them to the fullest extent.

With deep appreciation of your services and best wishes for your continued good health and happiness.

J. R. Truesdale Now in Florida

J. R. Truesdale, one-time secretary-treasurer of the Credit-Service Exchange Division of the Retail Credit Men's National Association (now a part of the Associated Credit Bureaus of America), writes to say that he has moved to 918 Narcissus, Clearwater, Florida.

RECENT ELECTIONS...

Dallas, Texas

The Dallas Retail Credit Managers' Association, Dallas, Tex., recently elected the following officers and directors to serve for the year 1946: President, Claud Walker, Titche-Goettinger Co.; 1st Vice-President, C. Hal Jones, Hunt's Department Store; 2nd Vice-President, F. Wm. Johnson, Neiman-Marcus Co.; Secretary, J. E. R. Chilton, Jr., Merchants Retail Credit Assn.; Asst. Secretary, Chellie Sue Bragg, Merchants Retail Credit Assn.; and Treasurer, Jack N. Fanning, Texas Bank & Trust Co. Directors: Clyde Dennis, Arthur A. Everts Co.; E. P. Kirkpatrick, Fakes & Co.; R. G. Dillard, Hotel Adolphus; W. W. Whatley, Hunt Grocery Co.; Jas. B. Nevitt, Clingingsmith's Jewelry; C. T. Hosmer, Fishburn Cleaning Co.; R. B. White, Lyon-Gray Lumber Co.; Clara Latham, Dr. Bedford Shelmire; E. B. Massengill, Lone Star Gas Co.; Grace Griffin, A. P. Cary Co.; Carmen Campbell, Clarke & Courts; and Warren Taliaferro, Dreyfuss & Son.

Portland, Oregon

The Retail Credit Association of Portland recently celebrated its 25th anniversary with a banquet at which the following officers and directors were installed: President, William P. Choate, United States National Bank; Vice-President, Fred Hesse, Jr., Lipman-Wolfe & Co.; and Secretary-Treasurer, Bernard B. Cantor, Retail Credit Association of Portland. Directors: Fred Hopkins, Portland General Electric Co.; Carl A. Kilgas, General Petroleum Corp.; and F. J. Sneyd, Bedell Co., Fred Hesse, Jr., Lipman-Wolfe & Co.; and J. H. Fisher, Meier & Frank Co.

Cincinnati, Ohio

Raymond Swink, The Doctors Service Bureau, Inc., was recently elected president of The Associated Retail Credit Grantors of Cincinnati, Cincinnati, Ohio. Other officers and directors elected were: Vice-President, Margaret Rafferty, The McAlpin Co.; Treasurer, Thomas Reynolds, Second National Bank; and Secretary, Clara Gutzwiller, The Associated Retail Credit Grantors of Cincinnati. Directors: Wm. S. Davis, Guardian Bank & Savings Co.; Charles Grant, Kline's, Inc.; Carroll Whisler, Mabley & Carew; Edw. Deichmann, W. E. Newbold Bootery; and W. R. Sharpe, Goodrich-Silvertown.

St. Paul, Minnesota

Officers and directors of the St. Paul Retail Credit Association, St. Paul, Minnesota, for the ensuing term of 1946 are as follows: President, Bernard A. Mulligan, Rex Oil Co.; Vice-President, William Anglim, Field Schlick Co.; and Secretary-Treasurer, Madeline Wilhelmi, Borg & Powers Co. Directors: William Traynor, Cardozo's Furniture Co.; Mrs. Alice Shockey, Bannon's Department Store; Irma Radcliffe, Emporium Department Store; John Strapp, American National Bank; Arthur Davidson, R. L. Gould Co.; Rose Hipp, Vanderbie Ice Cream Co.; and Russell D. Thompson, Commercial Service Co.

Credit Department Letters

Waldo J. Marra

THE TURN of the calendar and the beginning of the New Year offer credit executives a splendid opportunity to foster better public relations by sending a good-will letter to all customers who did not receive a Holiday Greeting in 1945, or who have not been sent a good-will letter for several years.

During the war it was difficult for many firms to send such letters, but now that we have had our first peacetime Christmas in five years, a good-will letter to customers thanking them for their loyalty, cooperation, understanding, and patience during wartime shortages would be highly effective. In writing such a letter, add the point that new merchandise will in time become more plentiful, and that you will soon be able to provide the selective materials to which they were formerly accustomed.

Such letters can build a great deal of good will for your firm in this new peacetime era. Times have changed rapidly, and a letter of appreciation with the added guarantee of better quality merchandise and better service could not be better "timed" than right now.

This Month's Illustrations →

Illustration No. 1 represents a letter declining a charge account. The letter is well written and carries the right tone. Notice that the opening sentence shows consideration for the reader, and the "no" in the second paragraph is qualified by the phrase in the next sentence which reads, "If at a later date, conditions change, etc." The sales approach is typified by the thought which invites the reader to continue to use Woodward's even though the account is not approved. The last paragraph leaves just the right touch in showing appreciation for the application submitted. In letters declining charge accounts a distinction should be made between bad customers and those who have possibilities. This letter fits the second category of prospective customers; therefore, the phrase, "if conditions change," is aptly used. Such a phrase would not be used for those who would receive a definite "no."

Illustration No. 2 is a follow-up letter on an overdue balance. It is handled in a routine manner. The subject of the letter, however, is prominently displayed below the introductory address so that the reader sees at a glance exactly why the letter has been written. Although the ideas expressed in the second paragraph are often used in follow-up letters, in this case the entire paragraph can be left out. The easy, definite manner of approach used in the first sentence can then be followed by the direct statement, "Credit is the confidence that others place in you." Then comes the clinching question that leaves the reader no choice; this in turn is followed by the last thought that asks for action. Credit letters can gain much by leaving out any "made" excuses for the reader. As a rule, a customer has enough reasons for not paying on time, and it is not necessary to make any of our own to add to them.

Illustration No. 3 represents a letter opening a new charge account. The letter is well written, and carries a personal tone throughout. I like the clear-cut manner in which the firm's terms are outlined, and the alternative that is offered to the customer in case he cannot, for some reason, live up to those terms. The last sentence, in question form, is inviting, and should get action from the reader. This letter could be made more effective, however, by one or two slight changes. The first sentence of the second paragraph deals with two distinct ideas, and they should be divided as follows: "We enjoy making new friends, and we are glad to welcome you. From our experience we know you will find that your account will be a real satisfaction to you in many ways." The firm's terms should be outlined in a separate paragraph so that the second paragraph in the illustration will not appear too heavy, and will make for easier reading.

Illustration No. 4 is a printed reminder. It is written in a clear, direct style that brings the message to the reader quickly and concisely, and yet leaves a pleasant impression. In reprinting this form, it would be well to say in the second paragraph: ". . . you will doubtless want to give this matter your attention now." Instead of the last paragraph why not say: "The amount still owing is $____"; and either type in the amount or fill it in by hand.

Illustration No. 5 deals with a special situation that often occurs—a check that is returned unhonored by the bank on which it is drawn. When this happens, the facts should be stated clearly, as they are in the first paragraph of this letter. A persuasive and firm remedy should be suggested. In the illustration, a contradiction for the remedy is indicated; for in the second paragraph, the reader is told that he has been billed for the entire amount of the purchase. Yet, the next paragraph gives him the alternative of replacing the unhonored check with a good check, or to mail the entire amount due on the ring. A suggestion would be to leave out the second paragraph entirely, and let the third paragraph constitute the remainder of the story. Another suggestion would be to replace the last sentence with an idea like this: "We look forward to hearing from you promptly." With these changes, the letter would read more smoothly, would eliminate the seeming contradiction in the second paragraph, and would have a definite action appeal in the ending. ★★★

Thanks Mr. Marra

It is our unhappy task to say farewell to Waldo J. Marra who has so ably conducted this department in the CREDIT WORLD *since April, 1944. After his retirement from the Army, where he served for three years as Captain in the Transportation Corps, he entered the brokerage business. His work has increased to such an extent in recent months that he feels he is unable to give this department the consideration it deserves. His contributions were sincerely appreciated by the membership and we wish him the greatest success in his new field.*

L. S. CROWDER.

(1)

Woodward Stores Ltd.

Phone - McAvine 2111
Cable Address "Woodwards"

Branch Edmonton, Alta.
London Office 35 Milk Street, E.C.

Vancouver, B.C.
Canada

Established 1892

IN YOUR REPLY PLEASE QUOTE
REF

November 15th, 1945.

Mrs. E. L. Jones,
260 Smythe St.,
Vancouver, B. C.

Dear Mrs. Jones:

Your application for a charge account with our store has been given careful consideration.

It is customary that we check the usual credit sources, but the reports received do not warrant our opening an account at present.

If at a later date, conditions change, we shall be pleased to go into this matter again. Meanwhile we hope you will continue to use the services and merchandise available to you at Woodwards.

We appreciate your courtesy in submitting your application.

Yours respectfully,

Credit Manager.

WK:MF

(3)

AMSBARY & JOHNSON, Inc.
CLOTHIERS AND HABERDASHERS
321 TENTH STREET PHONE 4669
FREDERICK HOTEL BUILDING
HUNTINGTON, WEST VIRGINIA

November 19, 1945

Mr. James R. White
1500 Blank Street
Huntington 1, W. Va.

Dear Mr. White:

It is with genuine pleasure that we add your name to our list of charge customers.

We enjoy making new friends and you will find that your account will be a real satisfaction. Our terms are thirty days from date of purchase and statements are mailed the first of each month for comparison. If, at any time, this payment plan is not convenient, we have a layaway and budget plan for your use.

May we have the opportunity of serving you soon?

Yours very truly,

Credit Department

WS-ah

(4)

JUST A REMINDER . . .

Charge accounts are payable in full in the following "account month".

If payment has not already been made, you will doubtless want to give the matter your further attention.

We appreciate your patronage and are always glad for opportunities to be of service.

The HIGBEE Company
Cleveland, Ohio

(2)

UNITED GAS CORPORATION
P. O. BOX 2628
OPERATING DIVISION HOUSTON, TEXAS

November 1, 1945

Mr. John J. Doe
9426 Sunset Terrace
Houston 20, Texas

Subject: 1711 Kelley St.
Final Reading: 9-12-45
Balance Due: $2.53

Dear Mr. Doe:

Enclosed is another statement of your gas service account.

Perhaps some temporary condition has prevented you from forwarding us your payment to close the account. We are confident you will take care of this at an early date.

Credit, as you know, is the confidence that others place in you. You do feel that something should be done, don't you? We look forward to your action.

Very truly yours,

HOUSTON DIVISION
C. P. Haynes
C. P. Haynes
Credit Manager

CPH:hw

(5)

THE HARDY & HAYES COMPANY
GOLD AND SILVERSMITHS.
WOOD STREET AT OLIVER AVENUE
PITTSBURGH, PA.
BELL PHONE ATLANTIC 0000-0001

PEARLS
DIAMONDS
AND ALL RARE JEWELS

November 15, 1945

Mrs. L. S. Jules
527 Oliver Avenue
New Castle, Pa.

Dear Mrs. Jules:

The Cashier has just handed me your check for $200.00, which was given by you to Mr. Hardy on the tenth of October as part payment on a wrist watch. You were advised by phone that your bank returned your check unhonored.

Our Bookkeeper has informed me that she has billed you for the entire amount of your purchase. I trust that this is satisfactory.

The purpose of this letter is to inquire if you desire to replace the unhonored check which we are still holding in our cash box, or if you wish to mail us your check for the entire amount of your purchase.

Thanking you most sincerely for your past patronage,

Yours very truly,
A. S. Kerby
Secretary,
Hardy & Hayes Co.

ASK:p

Business Conditions and Outlook

• Business Activity Holds Steady •

THE RATE of business activity has risen a little in recent weeks, due more to increased holiday buying in retail stores rather than to any changes in the volume of industrial production. Conditions vary widely in different parts of the country and among different industries but the general average is quite stable. If current trends continue, business will end the year on a slightly rising movement.

THE GENERAL average is about 4 per cent higher than it was a year ago, but in some places business volume is 15 per cent higher while in other regions the drop has been 10 per cent or more. Most of the places making the poorest showing now are those which were very good last year. As compared with prewar levels business everywhere is much higher both in dollar volumes of goods exchanged and in physical quantities of goods.

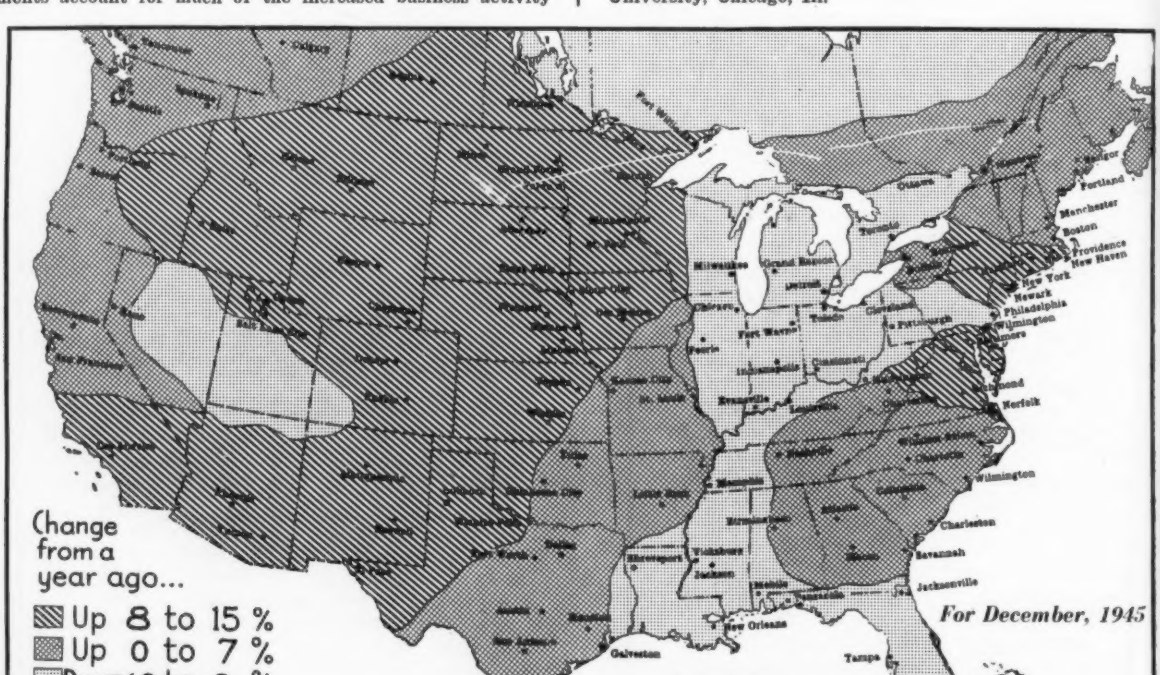
THE MAJOR area of best conditions is the agricultural region of the Middle West and much of the territory in the mountain states. Good crops and high farm prices account for this good showing and the outlook is for similar conditions for several months at least.

TWO AREAS of very good conditions, which are much above the national average, are the regions around New York City and around Washington. The large shipments abroad and the expenses in connection with troop movements account for much of the increased business activity there. Some falling off may be expected within a few months, but the expanding peacetime production will do much to offset any decline.

IN MOST of the industrial regions business is making the poorest showing, but these declines may be only temporary. Reconversion is being rapidly completed and in many places more plants are resuming operations than are slowing because of cancellations in war contracts.

CONDITIONS ARE about average in the Southeast, much of the South and along the Pacific Coast. Production in many lines, such as airplane manufacturing and shipbuilding, has been drastically curtailed but military expenditures in the West are still large. They will continue that way for many months.

IN CANADA the rate of business activity has been dropping rather rapidly and in many places is quite a little below last year. The declines have been greatest in the industrial regions, where the reconversion of war plants has not yet been completed. The situation is changing rapidly, however, and many signs point toward increased industrial production before long. Conditions in the agricultural regions are good even though crops have not been as large as in previous years. Trends in trade, industry, and agriculture are expected to become more favorable after the first of the year.—BUSINESS BULLETIN, La Salle Extension University, Chicago, Ill.



MONTHLY CREDIT STATISTICS

Culled from *Federal Reserve Bulletin* of the Federal Reserve System by the Research Division, National Retail Credit Association

CONSUMER CREDIT outstanding increased $270 million, or nearly 5 per cent during October to an estimated total of $5,904 million. The increase was largely in charge accounts receivable, although most types of indebtedness showed moderate gains.

Installment loans outstanding at the end of October were about 3 per cent higher than on September 30, and were almost 15 per cent above the level of a year earlier. Repair and modernization loans, which customarily show seasonal gains in October, continued to increase at a more rapid rate than other installment loans. At the end of October these loans were more than one-third higher than the amount outstanding on the corresponding date last year.

Instalment credit outstanding on automobile sales increased further in October, and at a somewhat more rapid rate than in the four preceding months. At the end of October the estimated amount outstanding was at the level of a year earlier.

Charge accounts receivable rose considerably more than is usual in October, and at the end of the month amounted to $1,666 million.

Ratio of Collections to Accounts Receivable[1]

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	DEPARTMENT STORES
1941					
December	20	11	12	23	46
1942					
June	22	14	13	22	56
December	31	18	15	30	65
1943					
June	29	21	21	33	62
December	35	22	22	55	63
1944					
January	30	20	22	31	61
June	31	24	28	30	63
December	36	23	39	49	61
1945					
January	32	21	34	31	61
February	30	21	32	30	61
March	36	24	36	33	66
April	30	22	36	30	62
May	32	23	40	33	64
June	32	23	43	33	64
July	31	24	42	31	62
August	33	23	48	31	63
September	35	23	49	30	63
October	40	27	53	33	66

[1]Ratio of collections during month to accounts receivable at beginning of month.

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTOMOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	469	619	313	120	284
1942	1,012	254	391	130	77	160
1943	641	174	271	29	66	101
1944						
January	576	158	248	24	55	91
June	515	138	237	15	44	81
December	635	184	269	13	70	100
1945						
January	574	172	249	12	61	92
February	557	163	240	11	54	88
March	548	163	238	11	50	86
April	540	159	237	11	48	85
May	536	155	238	10	48	85
June	532	151	237	11	49	84
July	521	146	235	11	47	82
August	510	142	232	11	45	80
September	515	144	235	11	44	81
October	543	156	246	11	44	86

DEPARTMENT STORE SALES BY TYPE

(Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941—January	49	8	43
December	53	6	41
1942—June	56	5	39
December	61	5	34
1943—June	60	4	36
December	65	4	31
1944—January	64	4	32
June	63	3	34
December	64	4	32
1945—January	63	4	33
February	63	4	33
March	63	3	34
April	62	3	35
May	63	3	34
June	63	3	34
July	66	3	31
August	65	4	31
September	63	4	33
October	63	4	33

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT				SINGLE-PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			SALES CREDIT			LOANS			
			TOTAL	AUTOMOTIVE	OTHER				
1941	9,499	5,921	3,747	1,942	1,805	2,174	1,204	1,764	610
1942	6,165	2,932	1,494	482	1,012	1,438	1,072	1,513	648
1943	5,158	1,939	816	175	641	1,123	1,034	1,498	687
1944									
January	4,818	1,836	745	169	576	1,091	996	1,294	692
June	4,945	1,826	707	192	515	1,119	1,033	1,370	716
December	5,790	2,083	836	200	635	1,247	1,220	1,758	728
1945									
January	5,481	2,013	778	192	574	1,235	1,206	1,528	734
February	5,326	1,968	743	186	557	1,225	1,188	1,432	738
March	5,576	1,992	732	184	548	1,260	1,181	1,662	741
April	5,443	1,989	724	184	540	1,265	1,212	1,500	742
May	5,498	2,006	720	184	536	1,286	1,260	1,488	744
June	5,649	2,036	720	188	532	1,316	1,324	1,544	745
July	5,592	2,036	713	192	521	1,323	1,346	1,459	751
August	5,588	2,034	706	196	510	1,328	1,359	1,441	754
September	5,634	2,051	717	202	515	1,334	1,358	1,470	755
October	5,904	2,125	753	210	543	1,372	1,357	1,666	756

Sales Promotion | Interviewing | Investigating | Authorizing | Billing | Collections | Control

The CREDIT Clinic

A "give-and-take" page, wherein readers may ask — and answer — questions about their credit and collection problems and solve them in the laboratory of practical experience . . .

Conducted by ARTHUR H. HERT, Research Director

Thoughts on Regulation W

Chicago, Ill.: Regulation W was essentially a wartime measure. The war is over, and the need, if it ever existed, for the Regulation is no longer apparent. Certain benefits, from a credit viewpoint, are recognized as accruing from Regulation W. However, to permit it to continue in operation after the war emergency will provide an opening wedge for further government control of credit policies and practices. The Regulation is definitely discriminatory, favoring the cash purchaser, regardless of how or when the cash is secured. It completely stifles the discretionary powers of the credit executive, who should be in a position to control his firm's investments in accounts receivable. The Regulation also interferes in the normal, legitimate, contractual relationship between buyer and seller.

★ ★ ★

Cleveland, Ohio: We have no objection to Regulation W being continued for the time being. We do, however, feel that some modifications in it would be constructive. The $10.00 limitation with respect to the freezing of accounts and additions to accounts on the selling floors can be liberalized to $25.00. The present down payment requirement of 33⅓ per cent is somewhat higher than necessary from a good credit operations basis viewpoint.

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Columbus, Ohio: We are in favor of keeping Regulation W, or eliminating it entirely insofar as it applies to monthly charge accounts. We would like to have the Regulation on installment accounts changed to read as follows: On soft merchandise a 10 per cent down payment should be required, the balance of either 10 per cent per week or ⅓ per month, term not to exceed three months. On hard lines we favor a down payment of 20 per cent, and the balance to spread over a period of from 12 to 18 months.

★ ★ ★

Denton, Tex.: We would like to recommend the following modifications of Regulation W: The freezing date on charge accounts should be changed to the last day instead of the 10th day of the second month. Authorization of small items (floor items) should remain at $10.00. The amount in default should remain at $10.00. We favor the continuance of Regulation W, and we sincerely hope that it will be permanent.

Duluth, Minn.: I would like to see Regulation W continued with modifications. The down payment on installment accounts should be reduced to 10 per cent on furniture, and 15 per cent on other installment goods.

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Houston, Tex.: We would like to express our appreciation for the manner in which Regulation W was administered, and we would like to have the regulation continued. It has been of benefit to merchants, and we believe it has been of more benefit to the purchaser because it has kept the buyer from overbuying. In the postwar period it will keep down inflation, and the consumer will be able to buy as much on the installment plan as he has money to pay the required down payment. If the Regulation is discontinued, the purchaser will take whatever money he has and spread it over a great many purchases, and eventually he will have no money to pay on the various accounts he has opened. Thus, he and the merchants will both lose.

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Indianapolis, Ind.: The control of installment credit is the most effective means of curbing consumer demand, which is now considerably in excess of the production of consumer goods. A present discontinuance of Regulation W would have the effect of increasing consumer demand and, therefore, the pressure to increase prices for consumer goods and the cost of living. The time when Regulation W may be appropriately discontinued will not be determined on the basis of the desires of those engaged in installment selling, but it will be determined on the basis of its effect on the national economy, and the general balance of supply and demand for consumer goods.

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Joliet, Ill.: We are in favor of continuing Regulation W with the following modifications: The freezing date on charge accounts should be changed to the last instead of the 10th of the second month following purchase. Authorization of floor deliveries should be increased to $25.00. The amount in default should be increased from $10.00 to $25.00. On installment sales, Regulation W should be based on the experience table which definitely shows that a safe down payment is 15 per cent, with monthly payments of approximately seven per cent on the unpaid balance.

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Milwaukee, Wis.: I am in favor of the discontinuance of Regulations covering 30-day accounts. I am also in favor of modifying the Regulation covering installment selling to bring the down payment to 20 per

cent on merchandise, and increase the terms to 18 months. The public has been educated to take care of their thirty-day charge accounts.

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New York, N. Y.: The best approach is to obtain some modification of Regulation W. On 30-day charge accounts, the freezing date should be changed to the last day of the second month instead of the present 30-day freeze. Authorization should be increased to $25.00, and the amount in default should be changed to $25.00. The down payment and monthly terms on installment accounts should be liberalized gradually as merchandise becomes available, and the point is reached where the supply is sufficient for the demand.

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Peoria, Ill.: We recommend the immediate discontinuance of Regulation W on monthly charge accounts, now that the war is over. The Regulation should be continued on installment accounts for 90 days, and then discontinued. This recommendation is based on the thought that appliances and other hard lines will be scarce for the next 90 days, and will not come through in large numbers. By that time they should become more plentiful, and the Regulation could be discontinued.

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Portland, Ore.: Regulation W should be discontinued immediately. The basis of all free enterprise development has been the ability of each individual business to foresee the pitfalls of the future by the yardsticks of past experience. Although Regulation W has served the purpose in reducing the amount of consumer credit, and has made everyone realize the importance of following this Regulation under an emergency, we believe the future prosperity of our nation will be better expedited if Regulation W is discontinued immediately. In case of an emergency where the consumer's credit appears to be out of bounds, it will be easy to have the full force and effect of Regulation W re-established.

★ ★ ★

Portland, Ore.: Regulation W must be continued until management and credit executives learn to control terms on installment sales. The installment terms should remain as they are, and the charge account terms should be modified.

San Jose, Calif.: We favor a continuance of Regulation W in a modified form, rather than discontinuance. The default amount should be increased from $10.00 to $25.00, and the freezing date should be extended to the 15th or 20th of the second month following purchase.

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Spartanburg, S. C.: Regulation W has caused a great many customers to improve their paying habits, and we believe that they now understand the value of a good credit record and will continue with prompt payments. The Regulation has proved the advantages of a safe down payment and a limited credit stretch, along with other advantages in handling ordinary charge accounts. We believe that credit will remain on a sound basis after Regulation W has been removed.

★ ★ ★

St. Louis, Mo.: We favor the immediate discontinuance of Regulation W. For many months the Regulation has not restricted sales volume, and since that was its purpose, it seems ridiculous to continue its operation any longer. There is no question but that it did accomplish its purpose, but I do not believe that the average merchant in any community would consider extending terms beyond 12 months with stocks of merchandise as they are, and as they will be for some months to come; unless it would be for the purpose of unloading white elephants.

Summary

Following is a summary of the 745 replies received from our members on the subject of Regulation W:

	Number	*Per Cent*
In favor of eliminating Regulation W immediately	225	30.2
In favor of eliminating Regulation W after the emergency	93	12.5
In favor of continuance of Regulation W with modifications	312	41.9
In favor of continuance of Regulation W as is	115	15.4
Total	745	100.0

Below is a summary of the replies received divided by Federal Reserve Districts:

	District 1		District 2		District 3		District 4		District 5		District 6	
	Number	*Per Cent*	*Number*	*Per Cent*	*Number*	*Per Cent*	*Number*	*Per Cent*	*Number*	*Per Cent*	*Number*	*Per Cent*
In favor of eliminating Regulation W immediately	18	24.0	1	16.7	1	50.0	88	41.5	5	5.9	75	30.5
In favor of eliminating Regulation W after the emergency	10	13.3	3	50.0	-	---	2	.9	2	2.3	50	20.3
In favor of continuance of Regulation W with modifications	32	42.7	2	33.3	1	50.0	86	40.6	78	91.8	60	24.4
In favor of continuance of Regulation W as is	15	20.0	-	---	-	---	36	17.0	-	--	61	24.8
Total	75	100.0	6	100.0	2	100.0	212	100.0	85	100.0	246	100.0

	District 7		District 8		District 9		District 10		District 11		District 12	
	Number	*Per Cent*	*Number*	*Per Cent*	*Number*	*Per Cent*	*Number*	*Per Cent*	*Number*	*Per Cent*	*Number*	*Per Cent*
In favor of eliminating Regulation W immediately	17	43.6	6	46.1	-	---	3	27.3	2	15.4	9	39.1
In favor of eliminating Regulation W after the emergency	13	33.3	5	38.5	1	5.0	2	18.2	1	7.7	4	17.4
In favor of continuance of Regulation W with modifications	9	23.1	2	15.4	17	85.0	6	54.5	9	69.2	10	43.5
In favor of continuance of Regulation W as is	--	---	-	---	2	10.0	-	---	1	7.7	--	---
Total	39	100.0	13	100.0	20	100.0	11	100.0	13	100.0	23	100.0

C. G. Kaessner Heads Pittsburgh Retail Credit Association

C. G. KAESSNER was installed as president of The Retail Credit Association of Pittsburgh at the annual meeting held November 15, 1945. Mr. Kaessner is well known in Pittsburgh and in other parts of the country. His experience in credit work extends over a period of thirty years. He was formerly with Mandel Brothers, Chicago, and for sixteen years has been credit sales manager of Kaufmann's Department Store, Pittsburgh. For fifteen years he has been director of The Retail Credit Association of Pittsburgh, and served as chairman of the Retail Credit Educational Club for five years.

Mr. Kaessner succeeds Col. Franklin Blackstone, Frank and Seder, who was president of the association for seven years, and was one of the organizers in 1917. He is past president of the National Retail Credit Association, vice-president and director of The Credit Bureau of Pittsburgh, and past president and director of The Retail Credit Association of Pittsburgh. The Colonel helped organize The Credit Bureau in 1926.

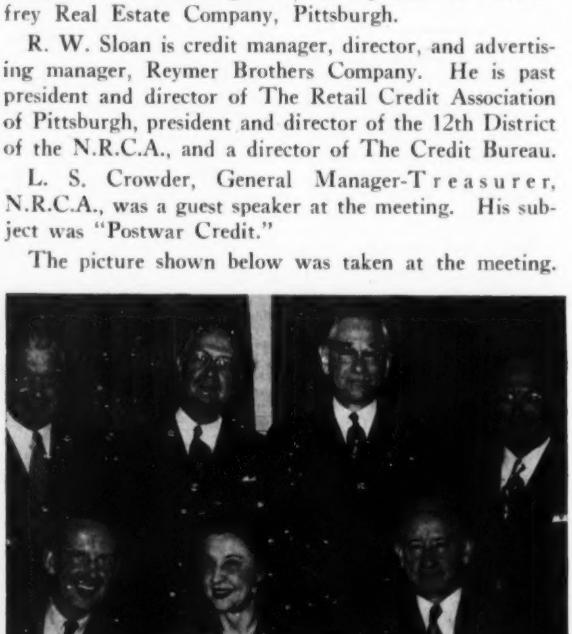
Elizabeth M. Berkhouse, Joseph Horne Co., is president of the Credit Women's Breakfast Club of Pittsburgh, and director of The Retail Credit Association of Pittsburgh.

Frank McCaffrey, recently discharged from the Army, is first vice-president and director of The Retail Credit Association of Pittsburgh. He is a partner in McCaffrey Real Estate Company, Pittsburgh.

R. W. Sloan is credit manager, director, and advertising manager, Reymer Brothers Company. He is past president and director of The Retail Credit Association of Pittsburgh, president and director of the 12th District of the N.R.C.A., and a director of The Credit Bureau.

L. S. Crowder, General Manager-Treasurer, N.R.C.A., was a guest speaker at the meeting. His subject was "Postwar Credit."

The picture shown below was taken at the meeting.



Top row, left to right: J. A. White, Past President, N.R.C.A.; L. S. Crowder, General Manager-Treasurer, N.R.C.A.; C. G. Kaessner, President; and F. R. McCaffrey, Vice-President, Retail Credit Association of Pittsburgh.

Lower row, left to right: R. W. Sloan, President, District 12, N.R.C.A.; Betty Berkhouse, President, Credit Women's Breakfast Club of Pittsburgh; and Col. Franklin Blackstone, Past-President, N.R.C.A.

25 YEARS AGO *in the* CREDIT WORLD

THE FRONT COVER of the January, 1920, CREDIT WORLD stated that National Thrift Week would be celebrated January 17-24, 1920, and that Saturday, January 24, 1920, would be Pay Your Bills Promptly Day. The other seven days of National Thrift Week as outlined on Page 1 were: National Thrift or Bank Day, January 17; Share With Others Day, January 18; National Life Insurance Day, January 19; Own Your Own Home Day, January 20; Make a Will Day, January 21; Thrift in Industry Day, January 22; and Family Budget Day, January 23.

★ ★ ★

The officers for 1919-1920, also listed on Page 1, were: President, Franklin Blackstone, Jos. Horne Co., Pittsburgh, Pa.; First Vice-President, G. A. Lawo, John Gerber Co., Memphis, Tenn.; and Second Vice-President, E. W. Nelson, Rudge-Guenzel Co., Lincoln, Neb.

The first feature article listed the ten commandments for a man's financial life. These commandments were recommended as a part of the Y.M.C.A.'s economic program as essential to the greatest success in life.

★ ★ ★

J. A. Fetterly of the Milwaukee Association of Commerce was the author of an article, "Tempus Fugit." He said in part: "Is the average retail credit man keeping up with the procession? Is his mental equipment geared up to meet the ever changing conditions? Are his policies and methods stationary or is he abreast, if not a little in advance of his time? An honest answer to the above defines his exact status as a credit man, and spells his value (or otherwise) to his firm."

★ ★ ★

"How and Why I Became a Credit Man," was the title of an excellent article by W. G. Sluder, Majestic Mfg. Co., St. Louis, Mo. He outlines the manner in which he became a credit man, and then lists eight simple rules which he followed in his work.

★ ★ ★

The shopping coin was beginning to become popular, and Geo. A. Peiffer, Gimbel Bros., Philadelphia, Pa., wrote an article, "The Shopping Coin," in which he outlined the advantages of the new method of authorization.

★ ★ ★

A short write-up was included about the activities of the Retail Credit Association of Minneapolis and the Minneapolis Association of Credit Exchange. It explained how these two organizations helped in keeping bad accounts to a minimum, and assisted individuals in maintaining their credit as part of their policy of cooperation.

★ ★ ★

Miscellaneous items such as: addresses wanted, editorial comments, bad check listings, local association notes, the New York Educational Plan, and short notes of general interest completed the issue of 28 pages.

A. H. H.

REACTIVATING ACCOUNTS

MANY RETAILERS in America have been led into wishful thinking during the war years. Money in the hands of customers has caused them to forget that the basis of retailing is consumer credit, and that the day will come again when retail stores, particularly department stores, will measure their success by their charge customer list.

We felt that in the rush of operating under wartime conditions, we have been neglecting our credit customers, and that efforts should now be made to reactivate them. We had thousands of inactive accounts that had not been contacted in years, and more thousands of current inactives which had been contacted only spasmodically. We decided to have an analysis made of our dormant credit activities by two affiliated advertising agencies. They made their studies independently of our store, and obtained their facts without the customer knowing who was asking the question and why. We wanted to know the truth about:

1. Where were our old customers buying?
2. How many of them preferred to pay cash, and how many knew they still had charge accounts in our store?
3. What percentage of our old customers now preferred other stores; and what stores did they prefer, and why?
4. Of those who still preferred to trade at Rosenfield's, why did they still prefer our store?

This study was made, and the following information was secured:

1. 66 per cent of the names in our old inactive files could not be located. 33 per cent still lived in the city and were potential customers.
2. 35 per cent of our old inactive customers now preferred to pay cash.
3. Those who preferred to pay cash shopped around and almost without exception had no loyalty to any particular store, while those who still preferred to buy on credit usually had a store preference.
4. Our neglect of dormant charge customers had caused a considerable percentage to drift away and prefer to trade elsewhere.
5. Based upon the answers of customers who still preferred our store, the courtesy and friendliness of our store personnel was the greatest single influence. Through complete analysis of these answers and those of customers who preferred competitors, we have been able to chart our major sales points, and the major points at which competition was making inroads on our customers.
6. Customers whose average monthly purchases were less than $10.00 had been lost nearly twice as fast as customers whose monthly purchases exceed that figure.

Based upon this study, we initiated a three-point plan of reviving inactive accounts, and of preventing present active customers from becoming inactive. The first part of this program dealt with old inactives. After cleaning up the list of the deadwood, the program was designed to do three things:

1. To find out to what extent mail contacts could reduce the percentage of people who preferred to pay cash, and increase those who were sold on using their charge accounts.
2. To find out to what extent we could increase the preferences of these customers for our store by using the mail.
3. If our tests showed that these two jobs could be successfully done by mail, a program of contacts would be planned to sell credit, to sell the store as an institution and settle any unadjusted grievances, and thus get these people back on our books as regular charge customers.

We devised a simple test to determine the effectiveness of a mail program in accomplishing the first two aims listed above. Our old inactive accounts were divided into two groups. To the first group, we mailed a questionnaire on the letterhead of Customer Research Bureau, Atlanta, Ga., asking where they did the bulk of their department store shopping, why they preferred the store, and did they have a charge account, or did they prefer to pay cash. Coming from Atlanta, Ga., the customer had no way of knowing we were interested in the test. To the second group, we mailed an institutional credit promotion price over the signature of our president. Two weeks later the second group received from Atlanta the same questionnaire as had been sent to group one.

The difference in the preferences of these two groups for our store and for paying cash was, therefore, indicative of the effectiveness of the contact which had been mailed to group two only. We found that our contact had increased the preference for our store 44 per cent, but had practically no effect upon the tendency of people to pay cash or to charge purchases. We concluded that well-directed institutional mailings to these inactive customers would bring them back to Rosenfield's. However, we will not be able to unsell those who preferred to pay cash in great numbers until changes in economic conditions give us some assistance.

Reviving Current Inactives

The second phase of our program was to make an effort to revive our current inactives before they had formed strong buying habits elsewhere. This resulted in a plan for contacting customers who had not traded with us in the previous 30 to 60 days with a current credit card mailing piece. When customers had not purchased in 90 days they were transferred to a file to receive, so long as they remained inactive, a monthly contact for the succeeding six months. This monthly contact alternates between an inactive account letter and a current merchandise promotion. Efforts to revive credit inactives center around a personal interest in why customers have not used their accounts or answered merchandise appeals.

The third phase of our program involves an effort to keep active customers from becoming inactive. An analysis was made of our active customers, and those whose purchases had averaged less than $10.00 per month were drawn off in what we called a marginal account list. Effort is made to sell these customers on becoming better customers by a monthly merchandise promotion featuring some seasonal merchandise and rotating the departments of the store so that emphasis can be put on the extent to which we can serve them. We plan to revise this list every six months so that at all times we will be making an effort to build better customers out of our marginal accounts where our major inactive account losses occur.—Louis Selig, *Treasurer,* Rosenfield Dry Goods Co., Baton Rouge, La. ★★★

New Year's Resolutions

I HEREBY RESOLVE:

(1) *To Build Better Customer Relations.* All my contacts with customers will be cordial—whether by telephone, by letter or in person.

(2) *To Extend Credit Only in Keeping With the Customer's Ability to Pay.* The wise use of credit is beneficial to both buyer and seller. More harm can be done by the over extension of credit than by its under extension.

(3) *To Insist on Following Good Credit Practices.* To encourage the sound use of consumer credit, protect the interest of both credit granter and grantee, and discourage anything to the contrary.

(4) *To Do All I Can to Promote Education in the Proper Use of Credit*—by advising customers of the advantages in promptly meeting the requirements of terms, and by encouraging credit department executives and employees to be examples of promptness in meeting their obligations promptly and living as examples of good credit ethics.

(5) *To Cooperate With My Contemporaries*—by becoming an active member in both national and local credit associations, thereby contributing immeasurably to the credit profession.

(6) *To Refrain From Expecting the Credit Bureau to Pull Rabbits Out of a Hat.* All inquiries for information to the credit bureau shall be complete, containing first names of both husband and wife, present and previous addresses, occupation and all other information in my possession that will aid in building their files, and to expedite their reports to me.

(7) *To Defer My Conclusions Until I Have All the Facts.*—Clarence E. Wolfinger, *Credit Manager,* Lit Brothers, Philadelphia, Pa.

New York Credit Conference

The third annual Credit and Collection Conference will be held February 11 and 12, 1946, at the Hotel New Yorker, New York, N. Y. The sponsors of this conference will be Districts Two and Twelve of the National Retail Credit Association, Credit Women's Breakfast Clubs of North America, Associated Credit Bureaus of America, and the Collection Service Division. Every credit and collection executive is eligible and cordially invited to attend.

The program includes a joint session of all groups the morning of the 11th, and in the afternoon all credit and collection executives will meet together for a discussion of selected subjects, quiz style. The 12th will be devoted to similar sessions, all in open forum style, starting with a discussion of questions sent in advance. Following those sessions any member may bring up his own problems or questions. Arrangements will be made for groups wishing to meet separately.

Joint luncheons will be held the 11th and 12th, but there will be no speakers and no entertainment. The time will be devoted to the business sessions. The speakers at the sessions will be authorities on credit and collection topics. Delegates are urged to make their hotel reservations immediately.

"I was overjoyed when I received your letter which contained the War Bond. I want to thank you wholeheartedly for this War Bond, as it is the first I think I have ever won. This will be an incentive for me to continue to plug away in the 1945-46 membership contest. From the interest shown in the new members that have subscribed to the National and the comments from The CREDIT WORLD, I see no reason why I won't be able to sell more memberships during the coming year."—Harry W. Campbell, Manager, The Credit Bureau, Inc., Columbia, S. C.

"I receive monthly copies of The CREDIT WORLD, and the publication is so interesting that I would like permission to have our branches in this division placed on your mailing list. If possible, I would like for them to have the October issue. There are several items in this issue that are most timely."—L. T. Shoemaker, Field Manager, Alabama Novelty House, Knoxville, Tenn.

"You are to be complimented and congratulated on The CREDIT WORLD. It is a dignified and attractive publication. I read with interest the statistics concerning increase and decrease in statement mailing since 1942. It lets me know that our store is not out of line with national trend."—F. R. Medlen, Credit Manager, M. Lichtenstein & Sons, Corpus Christi, Tex.

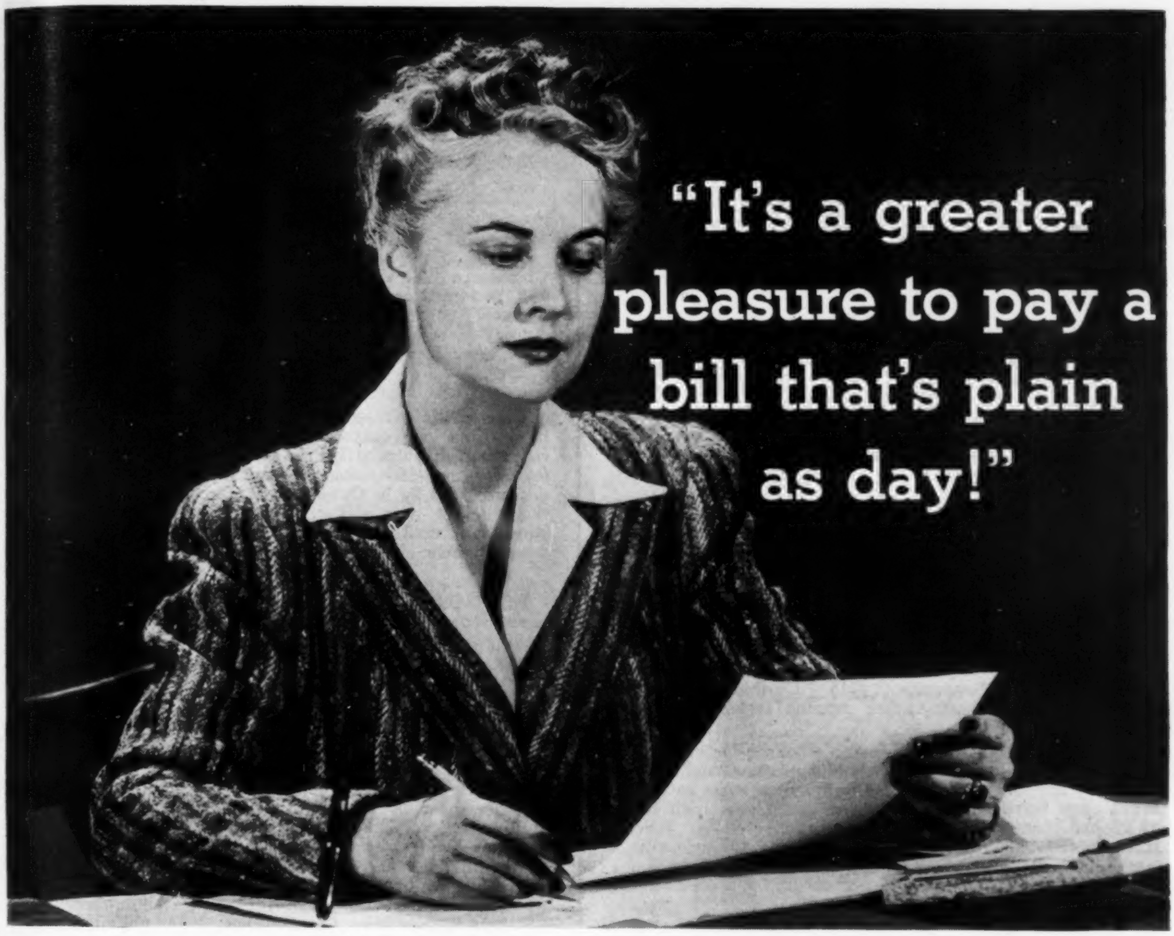
"I want to express to you the appreciation of our association for your contribution to our convention. I heard many fine comments upon your remarks and suggestions, and know it was food for thought for many of the men operating a credit business." —Homer N. McConkey, Secretary, The Ohio Retail Grocers' and Meat Dealers' Association, Springfield, Ohio.

A short time ago we received the following letter from 1st Sgt. L. Weintraub, Palawan, P. I., who will return to civilian life to resume his position as collection manager of B. Gertz, Inc., Jamaica, L. I., N. Y.: "For two years your excellent publication has been faithfully following me around the Pacific. I have always looked forward to my copies with eager interest, not only for the timely, well-written articles, but also because it represented a tie to my former way of life. We grasp at anything faintly reminiscent of home. By the time you receive this letter I will be on my way back to the States and a discharge. Many thanks for your kindness in placing me on your service subscribers' list. Your future issues will be read with just as much interest in comparative peace and quiet in the Gertz, Jamaica, Credit Department."

"We have decided to establish a plan under which every subscriber to our local association will automatically be a member of the N.R.C.A. Under this plan, we will collect the N.R.C.A. dues by merely including them in the regular monthly payment made by the subscriber, and will be responsible for remittance of the entire sum monthly to the National Office."—Temple Allen, Retail Credit Association, Redlands, Calif.

"Every month when The CREDIT WORLD is placed on my desk it is the first thing read that day. You have done an outstanding job in the handling of this magazine not only by using attractive covers, but by filling it with interesting articles which are helpful to any credit man or woman. I heartily recommend it as one of the most important ingredients in the success of credit operation."—C. A. Wildes, Secretary, Retail Credit Association of Minneapolis, Minneapolis, Minn.

"I have been receiving your official publication, The CREDIT WORLD, for some time, and it has been a great help to me. I treasure its many usable suggestions highly."—Frank Morris, Manager, Credit Adjustment Co., Lewiston, Idaho.



STREAMLINED
CYCLE BILLING
HAS THESE 5 BIG ADVANTAGES

1. Increases good will
2. Eliminates sales peaks
3. Speeds authorization
4. Simplifies collections
5. Lowers operating costs —in 40 stores now using

Remington Rand
VISIBLE UNIFIED CREDIT RECORDS

In every city where it is used, department store customers have voiced their praise of streamlined cycle billing. By word and letter, hundreds receiving their new bills accompanied by signed sales tickets express renewed favor and confidence. Even more tangible evidence is the reduction of bill inquiries and complaints. This actually runs as high as 75% or more, while some stores report adjustments almost eliminated. For the excellent reasons listed below, most department stores build this operation around the Kardex Unified Credit Record and utilize the experience of Remington Rand in developing and installing the entire system. Let us furnish details.

Retail Store Department • Systems Division

Remington Rand

**315 FOURTH AVENUE,
NEW YORK 10, N. Y.**

In the News

ON THE average, it costs more to distribute goods in the United States than it does to make them. Fifty-nine cents of your dollar pays for distribution, forty-one cents for production.

★ ★ ★

INSTALLMENT accounts outstanding at furniture stores increased by more than the usual seasonal amount in October, while those at household appliance and jewelry stores remained at the level of the preceding month. At the end of the month, furniture store accounts receivable were above the year-ago volume for the first time since April. Jewelry store accounts outstanding on October 31 were about the same as on the corresponding date last year.

★ ★ ★

CORPORATIONS were chartered in America as far back as the Colonial Period. A Twentieth Century Fund survey says banks were among the first businesses to be incorporated. Other early corporations included stage, turnpike, canal, water, and insurance companies.

★ ★ ★

WEARING apparel for men, women, and children in September, 1945, cost $1.02 for every $1.00 for such civilian items in September, 1944. Clothing in August was $1.02 against $1.00 twelve months earlier.

★ ★ ★

COLLECTIONS on installment accounts increased during October at furniture, household appliance, and jewelry stores. Furniture and household appliance store collection ratios each increased four points to reach new high levels of 27 per cent and 53 per cent, respectively. At jewelry stores collections during the month were 33 per cent of installment accounts outstanding at the beginning of the month.

★ ★ ★

TRADE UNION membership in the United States and Canada rose from less than 3 million workers to approximately 12 million between 1933 and 1943.

★ ★ ★

STUDIES of big business in the United States show that large corporations make profits at a lower rate than small ones, but they also lose money at a lower rate. Bigness seems to act as a stabilizing factor and to keep the rate of profit or loss within a rather narrow margin.

★ ★ ★

OVER-ALL reconversion is coming along faster than many Washington economist forecasters predicted. On specific items of special importance to furniture stores the pace is falling somewhat behind the field generally. Electrical appliance items are somewhat slower in their return than was predicted earlier by some observers. On radios especially, the forecasters were generally wrong.

★ ★ ★

INSTALLMENT ACCOUNTS outstanding at department stores showed somewhat more than the customary seasonal increase in October, and were larger than a year ago for the first time since March, 1942. Charge accounts receivable increased considerably more than is usual in October, and at the end of the month were one-tenth larger than a year earlier. Both cash and credit sales rose sharply during October, when only a moderate expansion is expected.

A NEW six-point plan on world trade, and large and small business, has been released by the Department of Commerce. This program is designed to provide business and government with more direct and effective services. Secretary of Commerce Wallace reports he intends to employ three new assistant secretaries, one for international trade, one for industrial economy, and a third for small business.

★ ★ ★

FURNITURE store sales increased by considerably more than the customary seasonal amount in October, reflecting substantial increases in all types of transaction, and were one-fifth above the year-ago volume. Inventories declined slightly in October, but were seven per cent above those held a year earlier. Installment accounts receivable showed a small increase from the end of September, and were slightly above the year-ago level.

★ ★ ★

ECONOMIC STUDY circulating on Capitol Hill compares today's living standards of average wage earner in leading nations. On this comparative scale, Russia is where the U. S. was in 1790; Italy is about the U. S. of 1812; Germany matches us at 1860; and England enjoys the U. S. standard of 1870.

★ ★ ★

CONSUMER INSTALLMENT loans outstanding at commercial banks, small loan companies, industrial banking companies, and credit unions rose almost 3 per cent during October to an estimated total of $1,126 million. All lending institutions shared in the increase, the largest since March. Total loans outstanding at the end of October were about 13 per cent higher than the year-ago level. Loans made during the month amounted to $245 million, an increase of almost one-fourth over September and 35 per cent higher than the October, 1944, volume.

★ ★ ★

BY 1942 more than half of the assets of member banks of the Federal Reserve System were government securities, as contrasted with a proportion of less than 11 per cent in 1929.

★ ★ ★

WE HAVE over 6,000 public libraries containing more than a hundred million volumes. The Twentieth Century Fund estimated that in 1943 library book circulation amounted to about four books for every person in the nation.

★ ★ ★

THE TOTAL dollar volume of all world trade decreased from an average of $64 billion in the late twenties to a low of $23 billion in 1934, rose to $31 billion in 1937, but was $27 billion in 1938, the year before the war broke out.

★ ★ ★

IN 1790, only 5 per cent of the U. S. population lived in cities of 2,500 persons or more, as compared with 55 per cent in 1940. Although our cities are still growing, they grew less during the last decade than ever before in our history.

★ ★ ★

UNIVERSAL MILITARY training will have few friends in Congress until war demobilization gets further along. Both Army and Navy are urging voluntary re-enlistments on a test basis. If results are satisfactory, draft may be abandoned.

★ ★ ★

TWO STATES have more federal civilian employees working within their borders than the District of Columbia; California, with 313,400, and New York, 297,800. (Washington, D. C., has but 256,300.) Other state leaders on federal payroll: Pennsylvania, 199,000; Texas, 144,700; Illinois, 128,300; Virginia and Massachusetts, 111,500 each. In Rhode Island, every twelfth person gainfully employed is on Uncle Sam's payroll within the state.

Credit and Collection Procedure

TRAINING EMPLOYEES

A CREDIT DEPARTMENT made up of first-class equipment and employees would seem to be a first-class organization. However, we know that if we had the best equipment that money could buy and inefficient employees, or vice versa, we would not have a perfect credit department. We have two distinct factors, equipment and employees, and each is equally as important as the other.

Equipment should be efficient, have a low maintenance cost, and a good appearance. When selecting new equipment, comparisons should be made with your old equipment, with competitive equipment, and whenever possible it should be seen in operation in the same type of business as your own. Best results are obtained when sufficient space is allowed for good working conditions. In some stores you will find good equipment crowded into a small space, making it impossible to reach top efficiency. No matter how efficient you believe your equipment to be, you should visit other stores as often as possible, as you may find an idea that will solve a problem that has been troubling you.

Necessity of Right Selection

The majority of people who are employed for credit department work have not had credit office experience; therefore, it is essential that the right selection be made for certain positions. Bear in mind that substitute work for other branches of the credit department will be necessary. The credit executive should set an example for the department, as many people unconsciously copy others. The assistant credit executive should be trained to be capable of taking full charge in the absence of the credit executive. The collection manager should be understanding and the method of collecting past-due accounts should be governed by the history of the account.

Interviewing applicants for charge accounts should be done by trained clerks. They should possess a pleasing personality, a calm disposition, and a vivid imagination. They should know the terms used in, and the location of every department. Authorizers should be accurate, and capable of approving charges with a high degree of speed. Bill adjustment clerks should have some knowledge of bookkeeping and billing procedure. They must have patience, as they are required to serve some customers who do not understand business procedure.

Every clerk in the credit department should be trained to take over the duties of other clerks. The entire credit personnel should be trained to substitute during an emergency.—John T. Cambia, *Credit Manager,* The Shepard Co., Providence, Rhode Island. ★★★

CHECKING CREDIT APPLICATIONS

EXPERIENCED credit executives, for the most part, are in agreement on the premise that the thoroughness of taking an application is the best recognized method for intelligent credit checking and subsequent analysis. It is at this point that the success or failure of the credit extended is determined. The quality rather than the quantity of the information obtained is the basis for all that goes on thereafter.

Assuming that the quality of the information on the application is high, we can ask, "How far do we go in seeking verification of the given statements? Do we spend too much of the credit bureaus' time and effort by asking them to verify more information than is necessary for the approval of the credit?" Such questions are timely whether we are discussing a new account or a new experience on an existing account. They are timely, also, because when scarce merchandise starts to come into the market in quantity, our customers will expect us to give them speedy credit decisions. If our credit checking is mechanical and the same routine is followed whether the amount is small or large, not only will our present business suffer, but it may result in the loss of the future business of many customers. Delayed credit approvals encourage a lessening of customer interest in us and in our merchandise. Competition in approving credit may prove to be the most important problem of the credit executive in the prosperous years that are promised in the near future.

The previous thoughts are not suggestions that we minimize the use of the credit bureau. They are a plea to increase the use of the bureau to the best advantage of our customers, ourselves, and the bureau. Bank officials do not expend a large amount of time and energy in the approval of a loan to a known customer who furnishes substantial collateral as security. They approve the credit almost immediately. Finance companies often approve dealers' papers in a matter of hours. This is our competition, and we credit executives must learn to speed up our credit approvals.

Consider the quality and amount of information on the applications. Ask the credit bureau to spend less time on the application if the amount is small, in order to give more time to those applications where a greater risk is involved. The facilities of the credit bureau should not be taxed in excess of the amount of the risk to be approved. Complete credit reports are not essential on many applications. ***Eternal vigilance is required to see that the bureau is provided with all the information that we have obtained.***—Clarence Wolfinger, *Credit Manager,* Lit Brothers, Philadelphia, Pa. ★★★

Just What You Have Been Waiting For

ELSEWHERE in this issue, reference is made to our new consumer credit educational campaign, which is now ready.

The same sound principles which influenced people to buy merchandise are stressed in the fourteen advertisements, which were designed to induce the consumer to buy wisely and pay promptly. They point to the advantages of a good credit record; show the customer the importance of paying all bills promptly as a matter of personal convenience and prestige; and encourage the sound use of the credit privilege.

The consumer is shown the advantage of:

1. Paying all accounts when due.
2. Purchasing on credit, whether charge account or installment, and
3. Discussing credit problems with the credit manager or credit bureau manager.

It is desirable to keep before the consumer the importance of maintaining a good credit record and the advantages of using credit in the purchase of all types of merchandise.

There never was a more important time than right now to sell the consumer on the need for using his credit wisely and paying bills promptly. These advertisements get the message over effectively by appealing to the consumer's own self-interest.

This campaign in your local newspapers will build good will and will add to the prestige of your Association or Credit Bureau. Requests have been received from many associations for newspaper copy such as we have prepared. The raising of a publicity fund will not be difficult if a committee is appointed for that purpose. In fact, most credit granters will welcome the opportunity to participate.

Our new booklet, *The Good Things of Life—On Credit,* in two colors, which ties in with one of the advertisements, is very effective and carries a real message—written in an interesting manner. Enclosed in new account "Thank You" letters, or in collection notices or letters, it will prove an excellent educational item.

All in all, the new publicity material is far superior to anything yet produced by the National Retail Credit Association and you will be delighted with it.

A brochure illustrating all advertisements will be mailed free upon request, to associations or credit bureaus, or to individual members interested in taking the initiative in inaugurating such a campaign.

L S Crowder

L. S. Crowder
General Manager-Treasurer.